



Association of Fundraising Professionals

State of Fundraising 2005 Report

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ASSOCIATION OF FUNDRAISING PROFESSIONALS

State of Fundraising 2005 Report

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State of Fundraising 2005

Final Report

Introduction

The Association of Fundraising Professionals (AFP) *State of Fundraising Surveys* are annual studies of how charitable organizations in the United States and Canada perform in their fundraising and development efforts.

In October 2001, AFP conducted the *Impact of September 11* study to determine how relief efforts for Sept. 11, 2001, and a slowing economy had affected fundraising for other charities in the United States and Canada. That study led to the *State of Fundraising 2001 Survey*, an effort to further evaluate how fundraising for charities had fared in general that year. Respondents were asked to compare funds raised in 2000 to funds raised in 2001, to list challenges and issues that they had faced during the year, and to predict fundraising effectiveness in the following year.

The 2005 survey, the fifth year-end study conducted by AFP, asked fundraisers to compare their fundraising totals at the end of 2005 to the amount they had raised at the end of 2004. Additional questions about different fundraising techniques—direct mail, planned giving, online giving, special events, etc.—were also presented. The survey also queried participants about the key challenges they faced during the year and how relief efforts for the Gulf Coast Hurricanes affected their fundraising.

Indeed, natural disasters and their relief efforts defined 2005, from the Southeast Asia tsunami at the very end of 2004 to the Gulf Coast Hurricanes to the earthquake in India. Many charities wondered if the focus on disaster relief, as well as a sluggish economy, would affect their own fundraising. The term “donor fatigue” crept into the nonprofit lexicon as nonprofits worried their year-end appeals would be met with apathy.

Even more chilling for charities was the increasing public concern about charity accountability. The Senate Finance Committee continued its investigation into the charitable sector, holding numerous hearings and highlighting key areas that needed reform. In addition, a report from the Brookings Institute revealed that one-third of Americans have “little” or “no” confidence in charities, while two-thirds believe that charities waste a “great deal” or “fair” amount of money.

In Canada, the situation was somewhat different. Canada had not experienced the same kind of economic slump that had occurred in the United States. While still quite strong in 2004, Canadian fundraising had dropped from a record high in 2003, and there were questions about whether charities could recover in 2005, or if the decline would continue.

New surveys showed record giving by Canadians, and the increasing prominence of charities created a strong increase in public awareness about the importance of giving and volunteering. At the same time, concerns continued to grow about the increasing number of Canadian charities and if the federal and provincial governments could adequately regulate them. How would these challenges affect fundraising and charitable giving in 2005? AFP conducted the *State of Fundraising 2005 Survey* to find out the answer to that very question.

Executive Summary

In early 2006, AFP asked a representative sampling of their membership to compare their organizations' fundraising totals at the end of December 2005 to their fundraising totals at the end of December 2004.

Some of the key questions that AFP wanted to learn answers to included:

- How did fundraising fare in 2005 compared to 2004?
- What fundraising techniques did especially well or poorly in 2005?
- What types of organizations excelled at fundraising in 2005 (small organizations, education groups, etc.)?
- What key challenges did fundraisers face in 2005?
- Did the relief efforts for the Gulf Coast Hurricanes affect charitable fundraising?

United States

In the United States, 62.9 percent of U.S. charities raised more money in 2005 than in the previous year. This figure is only two points lower than in 2004, when 65 percent of U.S. charities raised more money than in the previous year. Nearly a quarter of respondents (24.5 percent) raised less money in 2005 than in 2004, while 12.6 percent raised about the same amount.

More than 66 percent of surveyed charities reached their fundraising goal, and 61.2 percent set 2005 goals that were higher than their 2004 goals.

While some charities believed that the relief efforts for Hurricane Katrina would dramatically affect giving to nonrelief charities, the survey results proved otherwise. Two-thirds (67.4 percent) of respondents reported no immediate impact on their organizations' fundraising from the relief efforts, and 85.1 percent believed they would experience no long-term effects.

The survey also examined different types of fundraising that offered mixed results. Direct mail, online fundraising and special events were less successful, down 7 to 9 percent (the percentage of organizations raising more money in 2005 compared to the previous year). Major-gift fundraising, telefundraising and planned giving all experienced small increases.

What was the single biggest challenge that U.S. fundraisers cited for 2005? Unlike last year, respondents cited "too many nonprofits and increased competition for the charitable dollar" (42.2 percent) as their No. 1 concern. In fact, 2005 marked the first time that increased competition, rather than the economy, was ranked as the biggest challenge. Other challenges included:

- the economy (34.3 percent)
- staffing issues in the development office (31.7 percent)
- brand awareness of charity and mission (28.7 percent)

Despite these challenges, U.S. charities continue to be optimistic about their fundraising success for 2006. Nearly seven in 10 respondents (69.8 percent) believe their organizations will raise more funds in 2006 than in 2005, while 21.9 percent think they will raise about the same and 8.1 percent believe they will raise less funds.

Canada

Canadian fundraisers experienced slightly more success than their American counterparts, with 64.4 percent of respondents raising more money in 2005, a 2 percent increase from the 2004 survey. More than a quarter (26.0 percent) raised less, while 9.6 percent raised about the same.

A nearly identical percentage of Canadian organizations as American groups reached their goal in 2005 (66.0 percent for Canadian groups, compared to 66.6 percent for U.S. charities). More than six in 10 organizations (61.7 percent) set a higher goal in 2005 compared to 2004.

With regard to the effects of relief efforts for Hurricane Katrina, 84.1 percent of respondents reported no immediate impact on their organizations' fundraising and 79.2 percent believed they would experience no long-term effects.

In the 2004 survey, however, 63 percent of Canadian respondents said that relief efforts for the Southeast Asia tsunami had no impact on their fundraising and 91 percent felt there would be no long-term impact from the relief efforts. Canadian fundraisers felt a much greater impact from the Southeast Asia Tsunami relief efforts than the Gulf Coast Hurricane relief efforts, while American fundraisers had the opposite experience.

Results for various fundraising techniques in Canada were much different than in the United States. Canadian charities saw substantial increases in direct-mail success, as well as smaller increases in telefundraising and planned giving. However, there were decreases in major gifts, online fundraising and special events, all between 5 and 10 percent.

Canadians also felt that too many nonprofits and increased competition for the charitable dollar was the single biggest challenge for Canadian fundraisers (49.3 percent). This is the second consecutive year that Canadian respondents have selected increased competition as their most serious challenge. Other challenges for Canadian nonprofits included:

- staffing issues in the development office (41.6 percent)
- brand awareness of charity and mission (32.5 percent)
- problems with overall organization leadership, including the board, volunteers, etc. (29.7 percent)

Despite these challenges, 71.3 percent of respondents believe their organizations will raise more funds in 2006 than in 2005, while 18.7 percent think they will raise about the same and 10.0 percent believe they will raise less funds. This is the highest level of confidence for Canadian fundraisers in the four years that the *State of Fundraising Survey* has been conducted.

About This Report

This report is based on responses to an email survey of AFP's members conducted in February and March of 2006. A random sample of U.S. members (3,000), as well as every member in Canada (approximately 2,500) received an email directing them to a special website through which they entered their responses. All respondent data has been kept strictly confidential. There were 209 Canadian responses and 303 U.S. responses for an overall response rate of about 9.3 percent. The respondents represent a broad range of organizations in terms of budget size and practice setting.

This is the fifth in a series of reports to track the annual year-end state of fundraising in the charitable sector. The first survey (2001) did not break out U.S. and Canadian data separately, although a very large majority of respondents were American and the figures are included in the U.S. data. The 2001 survey data is included in U.S. tables purely for comparison and should not be considered scientifically valid.

About AFP

The Association of Fundraising Professionals (AFP) represents more than 27,000 members in more than 180 chapters throughout the world, working to advance philanthropy through advocacy, research, education and certification programs. The association fosters development and growth of fundraising professionals and promotes high ethical standards in the fundraising profession. For information about AFP, or to join the world's largest association of fundraising professionals, visit www.afpnet.org.

Acknowledgement

AFP would like to acknowledge the significant effort made by many of its members in providing timely survey responses for this report.

Respondent Profile

All respondents are members of AFP. So that 2005's year-end fundraising efforts could be compared to 2004's for organizations of different sizes, the respondents were asked to indicate their annual operating budget and the total amount raised in contributed gifts for 2005. The organizations also specified in which one of eight practice settings they belong. AFP used data from the annual report *State of Fundraising 2004* when comparing 2005 year-end trends to those of year-end 2004.

The following tables break down the respondent pools for both the U.S. and Canada by annual budget, total funds raised and subsector.

Table 1: Respondent Pool by Annual Budget, U.S.

2005 Annual Budget	Percentage of U.S. Respondents
Less than \$250,000	8.3%
\$250,001–\$500,000	10.9%
\$500,001–\$1 million	11.2%
\$1,00,001–\$3 million	19.5%
\$3,000,001–\$5 million	12.9%
\$5,000,001–\$10 million	9.9%
\$10,000,001–\$50 million	18.5%
\$50,000,001–\$75 million*	3.6%*
More than \$75 million	5.3%

Table 2: Respondent Pool by Subsector, U.S.

Subsector	Percentage of U.S. Respondents
Arts and Culture	20.8%
Social Service	23.8%
Education	23.4%
Environment*	5.0%*
Public/Society Benefit	11.9%
Health	4.3%*
Religious	4.0%*
Other	6.9%

Table 3: Respondent Pool by Annual Budget, Canada

2005 Annual Budget	Percentage of Canadian Respondents
Less than \$250,000	8.7%
\$250,001–\$500,000	11.1%
\$500,001–\$1 million	9.2%
\$1,00,001–\$3 million	20.3%
\$3,000,001–\$5 million	10.1%
\$5,000,001–\$10 million	14.0%
\$10,000,001–\$50 million	17.9%
\$50,000,001–\$75 million*	2.4%*
More than \$75 million	6.3%

Table 4: Respondent Pool by Subsector, Canada

Subsector	Percentage of Canadian Respondents
Arts and Culture	25.5%
Social Service	18.8%
Education	27.4%
Environment*	1.4%*
Public/Society Benefit	15.4%
Health*	4.3%*
Religious*	2.4%*
Other*	4.8%*

Throughout the report, fundraising success rates are compared by budget sizes and subsectors. Those categories with asterisks in the tables above indicate that the limited number of respondents may not be representative of the entire size range or subsector.

A Note on Terminology

Throughout the report, the term “fundraising success” is used purely to denote the percentage of organizations that raised more money in one year than the previous year. For example, a “success rate of 54 percent for direct mail in 2005” would mean that 54 percent of organizations raised more money through direct mail in 2005 than they did in 2004.

Overall Fundraising

United States

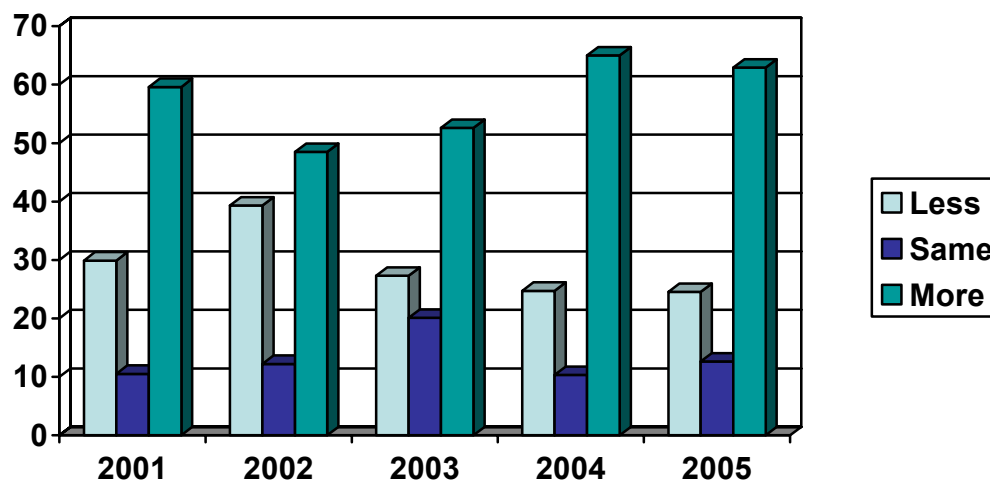
In the United States, 62.9 percent of respondents reported raising more money in 2005 than in 2004, while 12.6 percent raised about the same amount. Almost a quarter (24.5 percent) raised less.

The percentage of respondents raising less money is the lowest in the history of the AFP *State of Fundraising Surveys*. In addition, the percentage of respondents raising more money (62.9 percent) is the second-highest figure in the five-year history of the *State of Fundraising Surveys*, surpassed only by last year's (2004 Study) figures.

Even with the impact of the Gulf Coast Hurricanes and the subsequent relief efforts (that data is provided later in the report), the 2005 figures are remarkably similar to the data found in the 2004 Survey, which remains the most successful year for fundraising in the history of the *State of Fundraising Surveys*. In that survey, 65.0 percent of respondents raised more funds, 10.3 percent raised about the same and 24.7 percent raised fewer. Therefore, it is quite possible that fundraisers might have been even more successful in 2005 and exceeded their performance in 2004 if not for the hurricanes.

The 2005 figures are compared with the corresponding data from all of the previous surveys in Table 5 below.

Table 5: Funds Raised Compared to the Previous Year, U.S., 2001–2005



Change in Funds Raised	2001*	2002	2003	2004	2005
Less than the previous year	29.9%	39.3%	27.3%	24.7%	24.5%
Approximately the same	10.5%	12.2%	20.1%	10.3%	12.6%
More than the previous year	59.6%	48.5%	52.6%	65.0%	62.9%

Breaking down responses by subsector (Table 6), all categories saw a majority of respondents raise more money in 2005 than in 2004. In only the public/society benefit and social services categories did less than 60 percent of respondents raise fewer funds (56.3 percent and 58.7 percent, respectively). Environmental organizations fared the best (73.3 percent).

Examining organizations by annual operating budget (Table 7), larger charities performed exceptionally well, with 72.7 percent of charities with budgets between \$50 million and \$75 million, and 81.3 percent of charities with budgets over \$75 million, raising more money in 2005 than in 2004. In every budget size category, a majority of respondents raised more money. The two least successful categories were those organizations with budgets less than \$250,000 (54.2 percent) and those with budgets between \$3 million and \$5 million (56.4 percent).

Table 6: Funds Raised in 2005 Compared to 2004, By Subsector, U.S.

	Overall	Arts & Culture	Social Service	Education	Environment	Pub/Soc. Benefit	Health	Religious	Other
Less than 2004	24.5%	28.6%	25.2%	17.0%	20.0%	29.6%	30.8%	25.0%	23.1%
About the Same	12.6%	9.5%	16.1%	14.2%	6.7%	14.1%	3.8%	8.3%	15.4%
More than 2004	62.9%	61.9%	58.7%	68.8%	73.3%	56.3%	65.4%	66.7%	61.5%

Table 7: Funds Raised in 2005 Compared to 2004, By Annual Operating Budget, U.S.

	Overall	Less than \$250,000	\$250,001–\$500,000	\$500,001–\$1 million	\$1,00,001–\$3 million	\$3,000,001–\$5 million	\$5,000,001–\$10 million	\$10,000,001–\$50 million	\$50,000,001–\$75 million	More than \$75 million
Less than 2004	24.5%	20.8%	27.3%	29.4%	22.0%	30.8%	26.7%	23.2%	18.2%	12.5%
About the Same	12.6%	25.0%	6.1%	11.8%	13.6%	12.8%	13.3%	12.5%	9.1%	6.3%
More than 2004	62.9%	54.2%	66.7%	58.8%	64.4%	56.4%	60.0%	64.3%	72.7%	81.3%

Canada

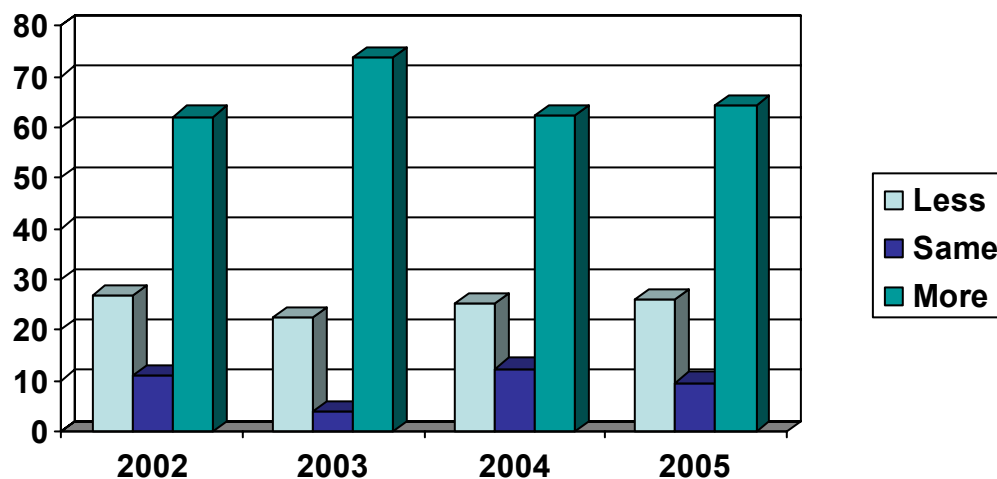
Like their American counterparts, the experience of Canadian fundraiser in 2005 was remarkably to that of 2004. Unlike their American counterparts, Canadian fundraisers enjoyed slightly more success, not slightly less.

In Canada, 64.4 percent of respondents indicated they had raised more money in 2005 than in 2004. Slightly less than one in 10 (9.6 percent) raised about the same amount, and 26.0 percent raised less money.

In three of the four years that AFP has tracked Canadian fundraising, the results have been quite similar (2005, 2004 and 2002). Only in 2003, which featured a significant spike in fundraising, has the overall data been dramatically different. The 73.8 percent of organizations that raised more money in 2003 remains an all-time high for fundraising in either country in the five-year history of the *State of Fundraising Surveys*.

The 2005 figures are compared with the corresponding data from all of the previous surveys in Table 8 below.

Table 8: Percentage Change in Funds Raised Compared to the Previous Year, Canada, 2001–2005



Change in Funds Raised	2002	2003	2004	2005
Less than the previous year	26.7%	22.4%	25.3%	26.0%
Approximately the same	11.1%	3.9%	12.4%	9.6%
More than the previous year	62.1%	73.8%	62.4%	64.4%

Looking at fundraising success by subsectors (Table 9), a majority of respondents raised more funds in 2005 than in 2004 in every category. Health and religious organizations did by far the best, although the limited number of respondents in those categories may not be representative of those subsectors in Canada.

Success was spread across the board when looking at fundraising by annual operating budget (Table 10). Organizations of all size enjoyed success, although charities with budgets greater than \$50 million did not fare quite as well as others. However, these categories received a limited number of respondents and may not be representative of organizations of that size.

Table 9: Funds Raised in 2005 Compared to 2004, by Subsector, Canada

	Overall	Arts & Culture	Social Service	Education	Environmental	Pub/Soc. Benefit	Health	Religious	Other
Less than 2004	26.0%	24.5%	30.8%	28.1%	0.0%	31.3%	11.1%	0.0%	20.0%
About the Same	9.6%	5.7%	12.8%	8.8%	33.3%	9.4%	0.0%	20.0%	20.0%
More than 2004	64.4%	69.8%	56.4%	63.2%	66.7%	59.4%	88.9%	80.0%	60.0%

Table 10: Funds Raised in 2005 Compared to 2004, by Annual Operating Budget, Canada

	Overall	Less than \$250,000	\$250,001–\$500,000	\$500,001–\$1 million	\$1,00,001–\$3 million	\$3,000,001–\$5 million	\$5,000,001–\$10 million	\$10,000,001–\$50 million	\$50,000,001–\$75 million	More than \$75 million*
Less than 2004	26.0%	11.1%	26.1%	26.3%	26.2%	23.8%	24.1%	27.0%	40.0%	41.7%
About the Same	9.6%	5.6%	4.3%	15.8%	7.1%	9.5%	17.2%	10.8%	0.0%	8.3%
More than 2004	64.4%	83.3%	69.6%	57.9%	66.7%	66.7%	58.6%	62.2%	60.0%	50.0%

Percentage Increases in Fundraising

Another way that the survey assesses overall fundraising performance is by examining the mean percentage increases or decreases in fundraising. Based on respondent data, nearly all organizations across practice settings and budget sizes saw increases in fundraising in 2005 compared to 2004.

In the United States, overall mean percentage increase in fundraising for all respondents was **8.86 percent** (see Table 11). This figure is slightly higher than the overall increase from the 2004 survey, 8.49 percent. Education and social service organizations performed the best, as did the largest organizations (those with annual budgets greater than \$50 million).

In Canada, the overall mean percentage increase was **6.61 percent**, a drop of about half a point from the 2004 percentage increase of 7.12 percent (see Table 12). Environmental and health organizations were the best-performing subsectors, although these categories had so few respondents that they cannot be considered representative of their subsectors. Looking at increases by size, smaller charities (those with budgets of less than \$250,000) performed the best, and midsize organizations (budgets of between \$5 million and \$10 million) also did well.

Table 11: Mean Percentage Increase in Fundraising by Subsector: U.S. and Canada

Practice Setting	Mean Percentage Increase in Fundraising: U.S.	Mean Percentage Increase in Fundraising: Canada
Arts & Culture	8.11%	5.23%
Social Service	11.24%	0.90%
Education	11.81%	7.66%
Environment	3.73%	24.83%
Public Society/Benefit	8.93%	8.03%
Healthcare	1.93%	21.39%
Religious	2.71%	5.60%
Other	3.76%	7.35%
Overall	8.86%	6.61%

Table 12: Mean Percentage Increase in Fundraising by Annual Budget: U.S. and Canada

2004 Annual Budget	Mean Percentage Increase in Fundraising: U.S.	Mean Percentage Increase in Fundraising: Canada
Less than \$500,000	9.06%	11.46%
\$500,001–\$1 million	1.91%	4.87%
\$1,00,001–\$3 million	8.18%	2.86%
\$3,000,001–5 million	8.62%	6.00%
\$5,000,001–\$10 million	10.38%	9.52%
\$10,000,001–\$50 million	9.46%	5.78%
More than \$50 million	16.04%	2.35%
Overall	8.86%	6.50%

Fundraising Goals – United States

Two-thirds of American respondents (66.6 percent) reported reaching their fundraising goal in 2005. This number is quite similar to the percentage (67.0) that made their fundraising goal in 2004. More than a quarter (27.5 percent) said they did not reach their goal. Six percent stated “not applicable,” typically meaning their organization did not set a goal for the year.

Table 13 below shows what types of organizations were most successful in meeting their fundraising goals in 2005. Charities involved in arts/culture/humanities, social service, education and healthcare fared the best. Environmental organizations fared the worst.

Examining success rates against annual operating budgets (Table 14), larger organizations (budgets of greater than \$50 million) were the most successful. The least successful organizations by size were those with budgets of between \$5 million and \$10 million, although a majority of those charities (53.3 percent) still managed to meet their goals.

Table 13: Fundraising Goal Success Rate, by Subsector, U.S.

Reached Fundraising Goal?	Overall	Arts & Culture	Social Service	Education	Environment	Public Society/ Benefit	Healthcare	Religious	Other
Yes	66.6%	71.4%	73.4%	71.6%	46.7%	49.3%	69.2%	58.3%	53.8%
No	27.5%	23.8%	21.7%	25.5%	40.0%	45.1%	23.1%	25.0%	33.3%
N/A	6.0%	4.8%	4.9%	2.8%	13.3%	5.6%	7.7%	16.7%	12.8%

Table 14: Fundraising Goal Success Rate, by Annual Operating Budget, U.S.

Reached Fundraising Goal?	Overall	Less than \$250,000	\$250,001–\$500,000	\$500,001–\$1 million	\$1,00,001–\$3 million	\$3,000,001–\$5 million	\$5,000,001–\$10 million	\$10,000,001–\$50 million	\$50,000,001–\$75 million	More than \$75 million
Yes	66.6%	62.5%	60.6%	67.6%	71.2%	69.2%	53.3%	66.1%	81.8%	75.0%
No	27.5%	37.5%	21.2%	26.5%	25.4%	28.2%	26.7%	32.1%	18.2%	25.0%
N/A	6.0%	0.0%	18.2%	5.9%	3.4%	2.6%	20.0%	1.8%	0.0%	0.0%

A majority of organizations (61.2 percent) set higher goals in 2005 than in 2004, while 18.1 percent set goals that were about the same as in 2004, and 20.7 percent set lower goals. Of those organizations setting higher goals, 21.4 percent set goals that were 1 to 9 percent higher and 23.7 percent set goals that were 10 to 19 percent higher.

Organizations listed as “other” and educational organizations had the largest percentage of respondents setting higher goals in 2005 compared to 2004 (71.8 percent and 70.9 percent, respectively). Larger organizations were slightly more likely to set higher goals than smaller organizations: 68.7 percent of charities with annual budgets of more than \$10 million set higher goals in 2005, compared with 58.3 percent of charities with budgets of less than \$10 million.

Canada

Just under two-thirds of Canadian respondents (66.0 percent) reported that their organizations made their fundraising goal in 2005. This is a two-percentage drop from the 68 percent that reached their goal in 2004. More than a quarter of respondents did not reach their goal (27.3 percent), and 6.7 percent indicated “not applicable,” which means their organization did not set a fundraising goal in 2005.

Arts and culture organizations were the most successful, with more than three-quarters of respondents reaching their fundraising goals (Table 15). Religious and “other” were the only categories in which a majority of respondents did not reach their goals.

Fundraising goal success was decidedly mixed when examining organizations by annual operating budget (Table 16). While every category had a majority of respondents reaching their goals, there was no clear pattern emerging from the budget categories. Organizations at opposite ends of the budget spectrum (greater than \$50 million and less than \$250,000) performed the best.

Table 15: Fundraising Goal Success Rate, by Subsector, Canada

Reached Fundraising Goal?	Overall	Arts and Culture	Social Service	Education	Environment	Public Society/ Benefit	Healthcare	Religious	Other
Yes	66.0%	77.4%	65.0%	66.7%	66.7%	59.4%	66.7%	40.0%	40.0%
No	27.3%	17.0%	27.5%	26.3%	33.3%	34.4%	33.3%	60.0%	40.0%
N/A	6.7%	5.7%	7.5%	7.0%	0.0%	6.3%	0.0%	0.0%	20.0%

Table 16: Fundraising Goal Success Rate, by Annual Operating Budget, Canada

Reached Fundraising Goal?	Overall	Less than \$250,000	\$250,001–\$500,000	\$500,001–\$1 million	\$1,00,001–\$3 million	\$3,000,001–\$5 million	\$5,000,001–\$10 million	\$10,000,001–\$50 million	\$50,000,001–\$75 million	More than \$75 million
Yes	66.0%	77.8%	65.2%	57.9%	59.5%	76.2%	55.2%	62.2%	100.0%	84.6%
No	27.3%	16.7%	30.4%	42.1%	31.0%	19.0%	34.5%	27.0%	0.0%	15.4%
N/A	6.7%	5.6%	4.3%	0.0%	9.5%	4.8%	10.3%	10.8%	0.0%	0.0%

More than six in 10 (61.7 percent) organizations set higher goals in 2005 than in 2004, a nearly eight-point increase from the previous survey, while 18.5 percent set goals that were about the same and 21.8 percent set lower goals.

Health and education organizations were the most likely to set higher goals (75.0 percent and 70.2 percent, respectively). Only one in three environmental organizations set higher goals. The size of an organization’s budget seemed to have little effect on whether it set higher goals or not. Larger organizations were only slightly more likely to set higher goals.

Fundraising Techniques

The *State of Fundraising 2005 Survey* examined how different types of fundraising techniques and methods—including direct mail, telefundraising, major gifts, planned gifts, online/Internet fundraising and special events—performed in 2005 compared to 2004. Additional questions were also asked concerning capital campaigns and in-kind gifts. The responses were then categorized by country.

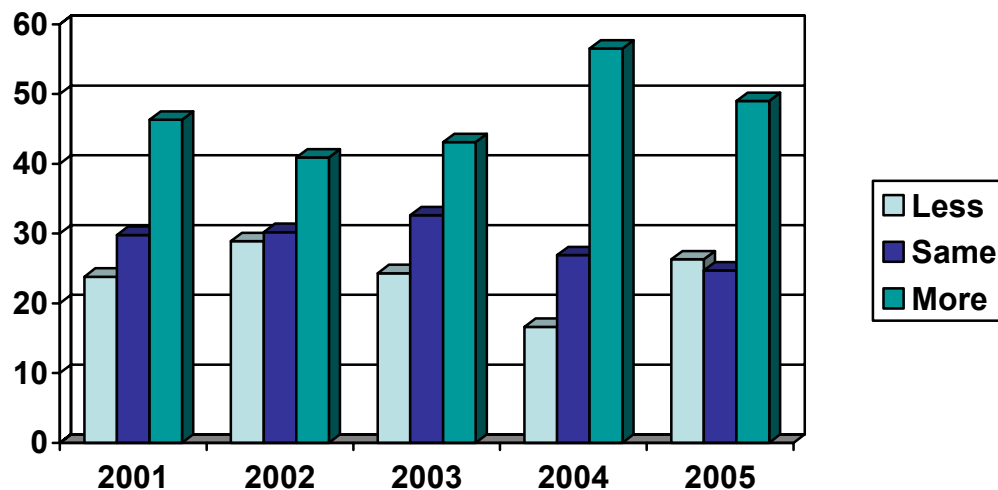
Direct Mail – United States

A large majority of respondents to the survey (82.8 percent) indicated their organizations used direct mail in their fundraising efforts.

Of those respondents, nearly half (49.0) percent stated that they raised more money using direct mail in 2005 than in 2004. While this figure is the second-highest percentage in the history of the survey, it represents a seven-point drop from the 2004 survey (56.5 percent), the only time a majority of U.S. respondents raised more money through direct mail.

Just less than a quarter of respondents (24.7 percent) raised about the same amount through direct mail, while 26.3 percent raised less. The percentage of those raising less money is a 10-point increase from the 2004 survey, where only 16.6 percent raised less).

Table 17: Percentage Change in Direct Mail Fundraising Success, U.S., 2001–2005



Last Year–Present Year Change in Direct Mail Funding	U.S. 2001	U.S. 2002	U.S. 2003	U.S. 2004	U.S. 2005
Lower than Past Year	23.8%	28.9%	24.3%	16.6%	26.3%
About the Same	29.8%	30.2%	32.6%	26.9%	24.7%
Higher than Past Year	46.3%	40.9%	43.1%	56.5%	49.0%

Given the overall 7 percent drop in overall direct-mail fundraising, it's not surprising to see that nearly every single subsector also saw decreases compared to the 2004 survey. The exceptions were religious and environmental organizations, which saw substantial (15- and 12-point increases) from the 2004 survey. While it dropped six points, the education category continues to remain one of the strongest performing subsectors for direct mail. Public society/benefit and arts and culture organizations dropped precipitously (19- and 12-point decreases) from the 2004 survey. Complete information is below in Table 18.

As might be expected, larger organizations performed better than small organizations at direct mail in 2005, a trend that has occurred frequently through the five-year history of the surveys. With the exception of the larger organizations, nearly every budget category saw decreases from the 2004 survey (Table 19).

An interesting example is the organizations in the \$5 million to \$10 million annual operating budget category. In the 2004 survey, these organizations fared the best at direct mail, with two-thirds of those organizations raising more money that year than in 2003. In this survey, barely one-third of those organizations raised more money in 2005 than in 2004, almost a 33-point drop over the span of one year.

Table 18: Funds Raised Through Direct Mail in 2005 Compared to 2004, by Subsector, U.S.

	Overall	Arts & Culture	Social Service	Education	Environment	Pub/Soc. Benefit	Health Related	Religious	Other
Less than 2004	26.3%	36.4%	21.9%	16.4%	15.4%	21.3%	59.1%	30.0%	40.7%
About the Same	24.7%	21.8%	27.2%	26.2%	23.1%	36.1%	4.5%	10.0%	22.2%
More than 2004	49.0%	41.8%	50.9%	57.4%	61.5%	42.6%	36.4%	60.0%	37.0%

Table 19: Funds Raised Through Direct Mail in 2005 Compared to 2004, by Annual Operating Budget, U.S.

	Overall	Less than \$250,000	\$250,001–\$500,000	\$500,001–\$1 million	\$1,00,001–\$3 million	\$3,000,001–\$5 million	\$5,000,001–\$10 million	\$10,000,001–\$50 million	\$50,000,001–\$75 million	More than \$75 million
Less than 2004	26.3%	35.0%	37.9%	21.7%	23.5%	18.2%	34.6%	29.2%	20.0%	0.0%
About the Same	24.7%	20.0%	20.7%	43.5%	17.6%	27.3%	30.8%	25.0%	20.0%	18.2%
More than 2004	49.0%	45.0%	41.4%	34.8%	58.8%	54.5%	34.6%	45.8%	60.0%	81.8%

Direct Mail Response Rates

The *State of Fundraising 2005 Survey* featured questions on response rates for new and existing donors. For new donors, the responses were fairly spread out. Nearly four in 10 respondents (39.3 percent) experienced response rates of 2 percent or less, with 12.6 percent reporting response rates of less than 1 percent. On the other end of the spectrum, 31.9 percent reported rates of 5 percent or higher (typically considered very good for direct mail programs aimed at identifying new donors), and 8.5 percent indicated their response rates were greater than 10 percent.

In contrast, in the 2004 survey 54.0 percent of organizations reported a response rate of 2 percent or less, with 19 percent indicating a response rate of less than 1 percent. Ten percent reported a response of greater than 10 percent.

Direct mail programs aimed at existing donors typically carry higher success rates, and this was seen in the 2005 survey. Almost 40 percent of participants reported response rates of greater than 30 percent. Still, more than a quarter of respondents (27.8 percent) experienced response rates of 10 percent or lower.

In the 2004 survey, 44.1 percent of respondents reported a response rate of greater than 30 percent for existing donors using direct mail.

**Table 20: Response Rates,
New Donors, U.S.**

Response Rate	Percentage of Respondents
>10%	8.5%
8–10%	11.7%
5–7%	11.7%
4%	14.2%
3%	14.6%
2%	11.7%
1%	15.0%
<1%	12.6%

**Table 21: Response Rates,
Existing Donors, U.S.**

Response Rate	Percentage of Respondents
>30%	39.8%
26–30%	8.7%
21–25%	7.9%
16–20%	7.5%
11–15%	8.3%
6–10%	13.3%
1–5%	14.5%

Percentage of Annual Fundraising

Direct mail is an important cultivation and development tool, but typically does not generate significant amounts of revenue for most organizations. The *2005 State of Fundraising Survey* confirms this trend.

More than three-quarters of respondents (76.5 percent) indicated that direct mail accounted for 30 percent or less of all of their funds raised in 2005. On the other end of the spectrum, just one in 10 respondents reported that direct mail was responsible for 50 percent or more of their contributions for the year.

These figures are similar to the percentages reported in the 2004 survey, where 72.0 percent of respondents indicated that direct mail accounted for 30 percent or less of their annual contributions.

Table 22: Percentage of Annual Fundraising Generated from Direct Mail, 2004 and 2005, U.S.

Percentage of Annual Revenue from Direct Mail	2004 Survey Percentage of Respondents	2005 Survey Percentage of Respondents
91–100%	1.1%	0.4%
81–90%	3.4%	0.8%
71–80%	2.2%	2.0%
61–70%	1.5%	2.3%
51–60%	4.9%	4.7%
41–50%	5.2%	4.3%
31–40%	9.7%	9.0%
21–30%	15.4%	12.1%
11–20%	22.1%	19.9%
1–10%	34.5%	44.5%

Direct Mail – Canada

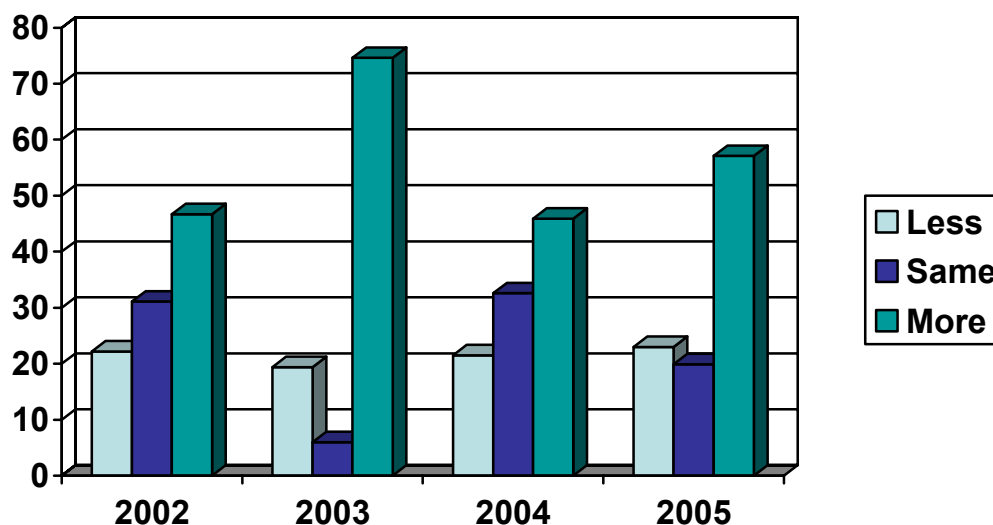
Of Canadian respondents, 77.5 percent reported using direct mail in their 2005 fundraising efforts.

In previous *State of Fundraising Surveys*, direct mail in Canada had been a story of two extremes. In the 2002 survey and the 2004 survey, less than half of respondents (47 and 46 percent, respectively) raised more money through direct mail. In contrast, the 2003 survey saw almost 75 percent of Canadian organizations raise more money through direct mail. Whether this was a statistical anomaly or simply an indication that 2003 was an especially good fundraising year is unclear, although Canadian fundraising in 2003 was strong in nearly every category.

However, in 2005, Canadian fundraisers experienced a strong, but not extreme, increase. Unlike their American counterparts, a majority of respondents in Canada (57.1 percent) raised more money in 2005 than in 2004 with direct mail. This percentage is the second highest figure in the four years AFP has tracked direct mail in Canada and represents an approximately an 11-point increase from what was reported in the 2004 survey.

Nearly 20 percent of respondents raised about the same, and 23.0 percent raised less money.

Table 23: Percentage Change in Direct Mail Fundraising Success, Canada, 2002–2005



Last Year–Present Year Change in Direct Mail Funding	Canada 2002	Canada 2003	Canada 2004	Canada 2005
Lower than Past Year	22.2%	19.4%	21.5%	23.0%
About the Same	31.1%	6.0%	32.6%	19.9%
Higher than Past Year	46.7%	74.6%	45.9%	57.1%

The increase in overall direct mail success in 2005 is reflected in the enhanced performance of many subsectors compared to 2004 (Table 24). For examples, just 38.6 percent of arts and cultural organizations raised more money in the 2004 survey. But in the 2005 survey, nearly two-thirds (63 percent) of such organizations raised more money. Public society/benefit organizations saw an 18-point increase from the 2004 survey.

The smallest increase was seen with educational organizations, which saw their direct mail success increase by just two points. However, educational organizations enjoyed the most success with direct mail in the 2004 survey, so the tiny jump is more indicative of a continued strong environment for direct mail for those charities, as opposed to any sort of weakness or slowdown.

Breaking down direct-mail success rates by operating budget also reveals success across the board (Table 25). However, in contrast to the American environment, smaller charities in Canada tended to be the most successful with their direct mail. The two categories that performed the best at direct mail in the 2004 survey (organizations with budgets of between \$3 million and \$5 million and between \$10 million and \$50 million) saw their success rates either drop or remain stable.

Table 24: Funds Raised Through Direct Mail in 2005 Compared to 2004, by Subsector, Canada

	Overall	Arts & Culture	Social Service	Education	Environment	Pub/Soc. Benefit	Health	Religious	Other
Less than 2004	23.0%	21.7%	32.0%	21.7%	50.0%	22.2%	16.7%	0.0%	16.7%
About the Same	19.9%	15.2%	16.0%	19.6%	50.0%	29.6%	33.3%	0.0%	16.7%
More than 2004	57.1%	63.0%	52.0%	58.7%	0.0%	48.1%	50.0%	100.0%	66.7%

Table 25: Funds Raised Through Direct Mail in 2005 Compared to 2004, by Annual Operating Budget, Canada

	Overall	Less than \$250,000	\$250,001–\$500,000	\$500,001–\$1 million	\$1,00,001–\$3 million	\$3,000,001–\$5 million	\$5,000,001–\$10 million	\$10,000,001–\$50 million	\$50,000,001–\$75 million	More than \$75 million
Less than 2004	23.0%	6.3%	11.8%	21.4%	38.5%	31.3%	19.2%	20.0%	40.0%	22.2%
About the Same	19.9%	43.8%	5.9%	7.1%	11.5%	18.8%	30.8%	20.0%	0.0%	22.2%
More than 2004	57.1%	50.0%	82.4%	71.4%	50.0%	50.0%	50.0%	60.0%	60.0%	55.6%

Direct Mail Response Rates

Direct mail response rates for Canadian charities in 2005 were much improved compared to 2004 (Tables 26 and 27, below). Nearly 40 percent of respondents said their response rate for new donors was 5 percent or greater. That figure is a 12-point increase from the 2004 survey and nearly seven points higher than American charities experienced. On the opposite end of the spectrum, 36.3 percent of organizations reported a response rate of 2 percent or lower, compared with 52 percent in the 2004 survey and 39.3 percent for U.S. charities.

The trend wasn't quite so strong for existing donors. A smaller percentage of organizations (34.6 percent) reported responses rate of greater than 30 percent for existing donors compared to the 2004 survey (42.0 percent). In comparison, nearly 40 percent of American charities experienced a response rate of greater than 30 percent for existing donors. Despite the drop at the high end of the spectrum, most charities in Canada enjoyed higher response rates in 2005 than in 2004 for existing donors.

The discrepancy between U.S. and Canadian charities and new and existing donors may lie in the continued strength of the Canadian economy and the maturity of fundraising in the U.S. The economy in Canada may be encouraging more new donors to get involved and give. However, for existing donors, where a strong connection to the charity has already been made and the economy is not as big of a factor, the maturity and resources of the profession in the U.S. is likely leading to continued strong response rates.

**Table 26: Response Rates,
New Donors, Canada**

Response Rate	Percentage of Respondents
>10%	6.4%
8–10%	15.3%
5–7%	17.8%
4%	11.5%
3%	12.7%
2%	10.8%
1%	13.4%
<1%	12.1%

**Table 27: Response Rates,
Existing Donors, Canada**

Response Rate	Percentage of Respondents
>30%	34.6%
26–30%	10.3%
21–25%	9.0%
16–20%	10.3%
11–15%	10.9%
6–10%	12.2%
1–5%	12.8%

Percentage of Annual Fundraising

Like their U.S. counterparts, Canadian charities typically do not rely on direct mail for a significant portion of their overall annual fundraising. Nearly eight in 10 organizations (79.2 percent) reported that direct mail accounted for 30 percent or less of their revenue, nearly the same figure (78.7 percent) as in the 2004 survey and roughly the same as the 2005 U.S. figure (76.5 percent).

Almost 8 percent of respondents indicated that direct mail accounted for 50 percent or more of their annual revenue, a slight drop from the 2004 survey figure of 11.5 percent.

Table 28: Percentage of Annual Fundraising Generated from Direct Mail, 2004 and 2005, Canada

Percentage of Annual Revenue from Direct Mail	2004 Survey Percentage of Respondents	2005 Survey Percentage of Respondents
91–100%	0.8%	0.0%
81–90%	2.4%	1.2%
71–80%	2.4%	3.0%
61–70%	1.6%	0.0%
51–60%	3.9%	3.7%
41–50%	7.1%	4.3%
31–40%	3.1%	8.5%
21–30%	17.3%	7.3%
11–20%	26.0%	26.2%
1–10%	35.4%	45.7%

Teleservices – United States

While telephone solicitations receive much attention in the media, a relatively small percentage of organizations actually include teleservices in their fundraising activities. Just 27.1 percent of respondents said their organization used teleservices in their fundraising in 2005. That figure continues the trend throughout the five-year history of the *State of Fundraising Surveys* of only about 20 to 30 percent of organizations using teleservices.

Of the organizations that did employ teleservices in 2005, exactly half raised more money in 2005 than in 2004, while approximately a quarter raised the same and a quarter raised less. The results show a slight decrease from the 2004 and 2003 surveys, but overall very little change after teleservices successes bottomed out in 2002 (Table 29).

The limited number of responses makes analysis by subsector and budget size difficult, and therefore those figures are not presented for teleservices. However, based on the sample, social service organizations were by far the most likely to use teleservices, accounting for 40 percent of organizations who did. The success of social service organizations with direct mail dropped precipitously, from 70 percent of organizations raising more money in the 2004 survey to just 53 percent in the 2005 survey. Most other subcategories saw some sort of decrease, but again the number of respondents is extremely small and cannot be considered representative of the sector.

When examining teleservices success by budget size, the only category that can reasonably be analyzed is organizations with budgets between \$10 million and \$50 million. This is the same category that had the greatest number of charities engaged in teleservices in the 2004 survey, as well. Almost six in 10 (59.1 percent) organizations with this budget size raised more money in the 2005 survey, compared with 63.3 percent in the 2004 survey.

Table 29: Percentage Change in Teleservices Fundraising Success, U.S., 2001–2005

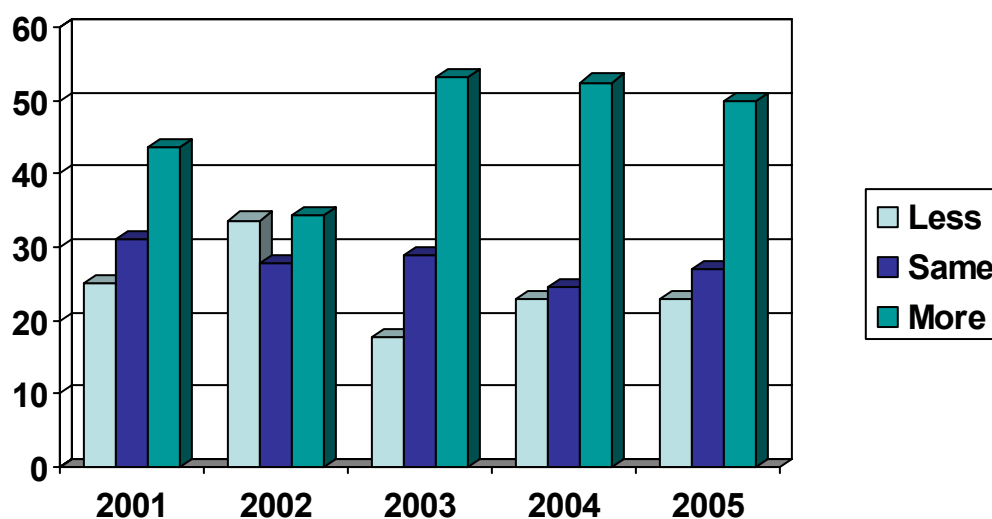


Table 29: Percentage Change in Teleservices Fundraising Success, U.S., 2001–2005 (cont.)

Last Year–Present Year Change in Teleservices Funding	U.S. 2001	U.S. 2002	U.S. 2003	U.S. 2004	U.S. 2005
Lower than Past Year	25.2%	33.7%	17.7%	23.0%	23.0%
About the Same	31.1%	27.9%	29.0%	24.6%	27.0%
Higher than Past Year	43.7%	34.4%	53.2%	52.5%	50.0%

Percentage of Annual Fundraising

As with direct mail, teleservices is not a fundraising technique that generates a significant amount of revenue for most charities, but it serves as a way to identify new donors. The 2004 survey confirmed this thinking, and the 2005 survey underscores it even more.

More than nine in 10 (92.3 percent) respondents stated that teleservices accounted for 30 percent or less of their annual revenue, with more than 72 percent reporting it accounted for 10 percent or less. Just 2.6 percent of respondents, or four organizations, indicated that teleservices accounted for more than 50 percent of their revenue (two arts and cultural organizations, one social service charity and one education nonprofit; three of the four had budgets of less than \$500,000).

For organizations in the \$10 million to \$50 million budget category, none reported funds raised through teleservices accounting for any more than 40 percent of their overall revenue. About 70 percent said teleservices accounted for 20 percent or less of overall revenue.

Table 30: Percentage of Annual Fundraising Generated from Teleservices, 2004 and 2005, U.S.

Percentage of Annual Fundraising from Teleservices	2004 Survey Percentage of Respondents	2005 Survey Percentage of Respondents
91–100%	1.6%	0.0%
81–90%	0.0%	0.0%
71–80%	0.0%	0.0%
61–70%	0.0%	1.3%
51–60%	0.0%	1.3%
41–50%	3.3%	0.0%
31–40%	11.5%	5.1%
21–30%	8.2%	8.9%
11–20%	18.0%	11.4%
1–10%	57.4%	72.2%

Teleservices – Canada

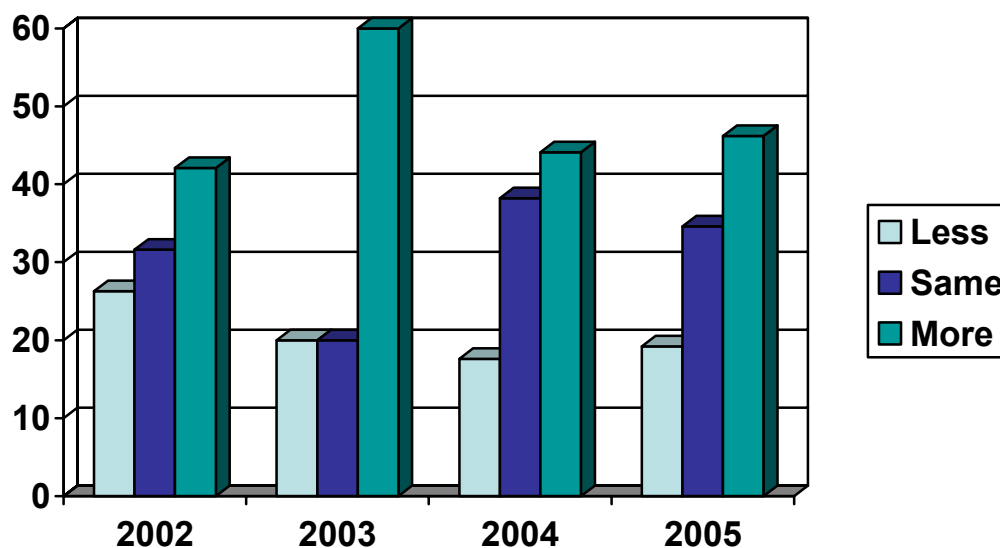
As in the U.S., a relatively small percentage (28.7 percent) of Canadian charities used teleservices in their 2005 fundraising.

Slightly less than half (46.7 percent) of Canadian charities that did employ teleservices raised more money through that technique in 2005 than they did in 2004. That figure represents a two-point increase from the 2004 survey. Just over a third (34.6 percent) raised about the same amount, and 19.2 percent raised less.

These numbers are very similar to the ones found in the 2004 survey (Table 31). Except for the 2003 spike, teleservices success has remained relatively stable over the past four years.

The limited number of respondents using teleservices makes analysis by subsector and budget size very difficult. Social service and education organizations were by far the most likely to use teleservices, accounting for 61 percent of all respondents who used the technique. Only about 40 percent of organizations in those two categories raised more money through teleservices in 2005 compared to 2004.

Table 31: Percentage Change in Teleservices Fundraising Success, Canada, 2002-2005



Last Year–Present Year Change in Teleservices Funding	Canada 2002	Canada 2003	Canada 2004	Canada 2005
Lower than Past Year	26.3%	20.0%	17.6%	19.2%
About the Same	31.6%	20.0%	38.2%	34.6%
Higher than Past Year	42.1%	60.0%	44.1%	46.2%

Percentage of Annual Fundraising

The trends seen in Canadian respondents mirror those in the American sample: more than 90 percent of respondents that employed telefundraising raised 30 percent or less of their annual revenue through that technique.

Only two respondents indicated raising more than 50 percent of their funding through telefundraising (one arts and cultural organization and one social service charity).

Table 32: Percentage of Annual Fundraising Generated from Teleservices, 2004 and 2005, Canada

Percentage of Annual Fundraising from Teleservices	2004 Survey Percentage of Respondents	2005 Survey Percentage of Respondents
91–100%	0.0%	0.0%
81–90%	0.0%	0.0%
71–80%	3.3%	0.0%
61–70%	0.0%	1.9%
51–60%	3.3%	1.9%
41–50%	6.7%	0.0%
31–40%	3.3%	5.8%
21–30%	3.3%	13.5%
11–20%	20.0%	17.3%
1–10%	60.0%	59.6%

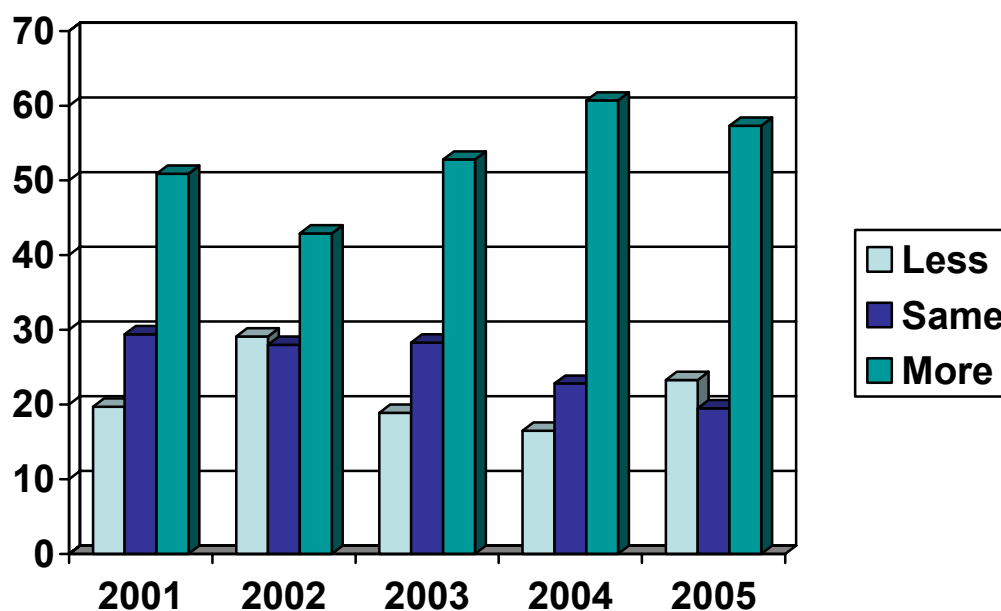
Major Gift Fundraising – United States

Since AFP started its survey, major gift fundraising has consistently been the most commonly used and the most successful type of fundraising, and 2005 was no exception. More respondents reported using major gift fundraising than any other technique in 2005, and it was once again the most successful technique for charities.

In 2005, just over 57 percent of organizations reported raising more money through major gifts than they did in 2004. That figure is a slight decrease from the 60.7 percent that reported raising more money in the 2004 survey, but it's still the second-highest percentage in the five years of the *State of Fundraising Surveys*. Nearly 20 percent raised about the same amount through major gifts, and 23.3 percent raised less.

The 2005 figures are similar to those from the 2004 survey, though not quite as good. However, looking at the five-year performance of major gift fundraising, 2005 represented another solid year for major gifts as it continued to recover from the 2002 drought that saw decreases in all techniques.

Table 33: Percentage Change in Major Gift Fundraising Success, U.S., 2001–2005



Last Year–Present Year Change in Major Gifts Funding	U.S. 2001	U.S. 2002	U.S. 2003	U.S. 2004	U.S. 2005
Lower than Past Year	19.7%	29.1%	18.9%	16.5%	23.3%
About the Same	29.4%	28.0%	28.3%	22.8%	19.5%
Higher than Past Year	50.9%	42.9%	52.8%	60.7%	57.3%

With the exception of health-related organizations (which received too few responses to be representative of the subsector), every practice setting saw at least a majority of respondents raise more money in 2005 than in 2004, and most performed right around the national average (see Table 34). Environmental and “other” organizations fared the best at major gift fundraising (66.7 percent and 79.4 percent, respectively), although there are so few respondents in the environmental category that they cannot be considered representative of that subsector. Surprisingly, education organizations saw a significant decrease in major gift success, a 14-point drop from the 70.0 percent of such organizations that raised more funds in the 2004 survey.

Looking across budget categories (Table 35), every category saw a majority of respondents raise more money in 2005 than in 2004 with the exception of the smallest organizations (budgets under \$250,000). This is the same budget group that had the least amount of success with major gifts in the 2004 survey, although the figure then was 54 percent, significantly higher than in the 2005 survey.

With the exception of the organizations in the \$50 million to \$75 million budget category, larger organizations did not outperform smaller organizations at major gift fundraising in 2005, which has been the case in previous years.

Table 34: Funds Raised Through Major Gifts in 2005 Compared to 2004, by Subsector, U.S.

	Overall.	Arts & Culture	Social Service	Education	Environ- mental	Pub/Soc. Benefit	Health Related	Religious	Other
Less than 2004	23.3%	19.3%	25.0%	22.6%	33.3%	20.9%	40.9%	36.4%	11.8%
About the Same	19.5%	21.1%	21.0%	21.7%	0.0%	26.9%	9.1%	18.2%	8.8%
More than 2004	57.3%	59.6%	54.0%	55.7%	66.7%	52.2%	50.0%	45.5%	79.4%

Table 35: Funds Raised Through Major Gifts in 2005 Compared to 2004, by Annual Operating Budget, U.S.

	Overall	Less than \$250,000	\$250,001– \$500,000	\$500,001– \$1 million	\$1,00,001– \$3 million	\$3,000,001– \$5 million	\$5,000,001– \$10 million	\$10,000,001– \$50 million	\$50,000,001– \$75 million	More than \$75 million
Less than 2004	23.3%	33.3%	22.2%	32.0%	19.6%	23.5%	16.0%	26.9%	9.1%	18.8%
About the Same	19.5%	33.3%	7.4%	8.0%	29.4%	20.6%	20.0%	15.4%	0.0%	31.3%
More than 2004	57.3%	33.3%	70.4%	60.0%	51.0%	55.9%	64.0%	57.7%	90.9%	50.0%

Number and Size of Gifts

For the second consecutive survey, AFP asked respondents to compare the number (not value) of major gifts they received in one year to the previous year. The numbers for the 2005 survey are remarkably similar to the 2004 survey.

A slight majority of organizations (52.1 percent) received more major gifts in 2005 than in 2004, while 35.4 percent received about the same number and 12.5 percent received fewer gifts. The figures for the 2004 survey were: 52.0 percent received more gifts, 34.0 percent about the same number and 15 percent received fewer gifts. (Figures don't add up to 100 percent due to rounding.)

These similarities, combined with the approximately 3 percent drop in the number of organizations raising more money from the 2004 survey to the 2005 survey, suggest that major gift fundraising was as strong in 2005 as it was in 2004, but that, overall, the value of the gifts was slightly less.

The survey also asked what amount organizations consider to be a major gift. The breakdown is as follows:

Table 36: Minimum Amount to Be Considered a Major Gift, 2005, U.S.

Size of Major Gift	Percentage of Respondents
<\$1,000	4.8%
\$1,000–4,999	29.0%
\$5,000–9,999	24.2%
\$10,000–24,999	25.3%
\$25,000–49,999	8.9%
\$50,000–99,999	4.1%
\$100,000+	3.7%

Percentage of Annual Fundraising

By their very nature, major gifts have the capacity to account for a significant amount of a charity's annual revenue. However, the extent to which U.S. charities rely on major gifts varies quite widely.

A slight majority (53.6 percent) reported that major gifts account for 40 percent or less of their overall annual fundraising. This data is nearly identical to the figure (56.0 percent) in the 2004 survey.

On the other end of the spectrum, 37.2 percent of organizations said that major gifts account for 50 percent or more of their overall annual fundraising revenue), with 8.3 percent relying on them heavily (more than 80 percent of overall fundraising). In the 2004 survey, 37.0 percent saw major gift fundraising account for more than 50 percent of their total fundraising take, with 10.0 percent relying on it more for more than 80 percent of their overall fundraising.

In general, larger organizations were more likely to have their major gift fundraising account for a greater percentage of their overall fundraising revenue. Results were quite mixed when looking at percentage of revenue by subsector, although arts and cultural, social service, and education were just slightly more likely to rely on major gifts than other types of organizations.

Table 37: Percentage of Annual Fundraising Generated from Major Gifts, 2004 and 2005, U.S.

Percentage of Annual Fundraising from Major Gifts	2004 Survey Percentage of Respondents	2005 Survey Percentage of Respondents
91–100%	5.6%	3.4%
81–90%	4.8%	4.9%
71–80%	8.9%	12.5%
61–70%	8.5%	6.5%
51–60%	9.6%	9.9%
41–50%	8.5%	9.1%
31–40%	12.6%	11.4%
21–30%	14.4%	13.3%
11–20%	11.5%	15.6%
1–10%	15.6%	13.3%

Major Gift Fundraising – Canada

As in the United States, major gift fundraising has been one of the most consistent and successful fundraising techniques in Canada over the history of *State of Fundraising Survey*. In every survey, a majority of respondents have reported raising more money in one year with major gift fundraising than in the previous year.

More than in eight in 10 respondents (86.5 percent) indicated that they used major gift techniques and solicitations in their fundraising activities in 2005.

Once again a majority of respondents, 56.1 percent, reported raising more money through major gifts in 2005 than in 2004. More than two out of 10 respondents (22.8 percent) raised the same amount, and nearly the same (21.1 percent) raised less money.

Overall, 2005 was not quite as successful a year for major gift fundraising as 2004. The number of respondents raising more money dropped five points from the 2004 survey, just as the number of respondents raising less money increased by five points. The percentage of respondents raising about the same amount was nearly identical (Table 38).

In fact U.S. and Canadian responses about major gift fundraising success were remarkably similar for 2005, with nearly matching percentages of those raising more money, less money, and about the same amount of funds. This trend also occurred in the 2004 survey with major gifts. With no other fundraising technique are American and Canadian responses so similar. Canadian major gift fundraising may become even more successful in 2006 with the elimination of the capital gains tax on gifts of securities to charity, which took effect in the middle of the year.

Table 38: Percentage Change in Major Gift Fundraising Success, Canada, 2002–2005

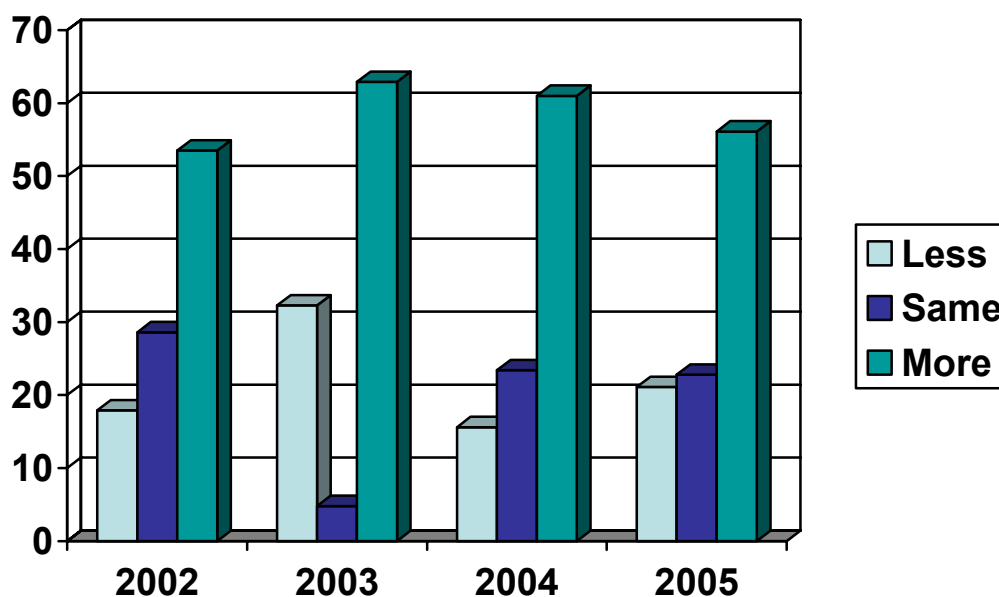


Table 38: Percentage Change in Major Gift Fundraising Success, Canada, 2002–2005 (cont.)

Last Year–Present Year Change in Major Gifts Funding	Canada 2002	Canada 2003	Canada 2004	Canada 2005
Lower than Past Year	17.9%	32.3%	15.6%	21.1%
About the Same	28.6%	4.8%	23.4%	22.8%
Higher than Past Year	53.5%	62.9%	61.0%	56.1%

Major gift fundraising is popular among all subsectors and sizes of organizations (Tables 39 and 40, below). For example, 100 percent of respondents with budgets greater than \$50 million engaged in major gift fundraising, and every budget category had a majority of respondents solicit major gifts. Social service was the subsector most likely to solicit major gifts, with 92 percent employing this technique.

Health and religious organizations fared the best, although the small number of respondents in those categories may not be representative of those subsectors. Other subsectors saw mixed results compared to the 2004 survey. Success rates for arts and cultural organizations dropped by 13 percent, while those for education organizations and public/society benefit charities jumped 14 and 18 percent, respectively.

In general, larger organizations fared slightly better than smaller organizations, but the difference was generally minimal. In fact, the most successful category for major gift fundraising was those organizations with budgets between \$250,001 and \$500,000 (75.0 percent), and the least successful was those charities with budgets of greater than \$75 million (38.5 percent). Organizations with budgets between \$5 million and \$10 million, which were the most successful in the 2004 survey at 73.0 percent raising more money, dropped 23 percentage points to 50.0 percent in the 2005 survey. Another category which saw a large decrease is charities with budgets between \$500,000 and \$1 million, which dropped from 63.0 percent to 46.7 percent.

Table 39: Funds Raised Through Major Gifts in 2005 Compared to 2004, by Subsector, Canada

	Overall	Arts & Culture	Social Service	Education	Environ- mental	Pub/Soc. Benefit	Health Related	Religious	Other
Less than 2004	21.1%	19.1%	30.6%	19.1%	0.0%	25.9%	14.3%	0.0%	12.5%
About the Same	22.8%	21.3%	11.1%	27.7%	33.3%	33.3%	0.0%	20.0%	37.5%
More than 2004	56.1%	59.6%	58.3%	53.2%	66.7%	40.7%	85.7%	80.0%	50.0%

Table 40: Funds Raised Through Major Gifts in 2005 Compared to 2004, by Annual Operating Budget, Canada

	Overall	Less than \$250,000	\$250,001–\$500,000	\$500,001–\$1 million	\$1,00,001–\$3 million	\$3,000,001–\$5 million	\$5,000,001–\$10 million	\$10,000,001–\$50 million	\$50,000,001–\$75 million	More than \$75 million
Less than 2004	21.1%	0.0%	10.0%	33.3%	16.7%	11.1%	26.9%	20.0%	20.0%	53.8%
About the Same	22.8%	45.5%	15.0%	20.0%	27.8%	27.8%	23.1%	20.0%	20.0%	7.7%
More than 2004	56.1%	54.5%	75.0%	46.7%	55.6%	61.1%	50.0%	60.0%	60.0%	38.5%

Number and Size of Gifts

In the *2005 State of Fundraising Survey*, AFP also asked respondents to compare the number of their major gifts in 2005 to those received in 2004.

Nearly a majority of respondents (48.1 percent) received more gifts in 2005 than in 2004. More than one-third (36.5 percent) received about the same number in 2005 compared to 2004, and 15.5 percent received fewer gifts.

These statistics are similar to those found in the 2004 survey, when 50 percent received more, 34 percent received the same, and 16 percent received fewer.

When asked about the minimum size a gift must be in order to be considered a major gift, a slight majority (50.2 percent) selected between \$1,000 and \$9,999. Just 3.3 percent of organizations reported that their minimum level for a major gift is \$100,000 or higher.

Table 41: Minimum Amount to be Considered a Major Gift, 2005, Canada

Size of Major Gift	Percentage of Respondents
<\$1,000	4.9%
\$1,000–4,999	25.1%
\$5,000–9,999	25.1%
\$10,000–24,999	21.9%
\$25,000–49,999	15.3%
\$50,000–99,999	4.4%
\$100,000+	3.3%

Percentage of Annual Fundraising

Overall, major gifts made up a slightly larger percentage of total fundraising in 2005 than in 2004. In the 2004 survey, 30.5 percent of respondents reported that major gifts made up 50 percent or more of their overall fundraising for the year. In the 2005 survey, 36.2 percent of respondents said the same thing.

At the same time, the percentage of organizations reporting that major gifts accounted for 30 percent or less of their annual fundraising declined from 56.2 percent in 2004 to 45.2 percent in 2005.

For most subsectors, a significant majority (anywhere from 60 to 80 percent) reported that major gift fundraising accounted for 50 percent or less of their annual fundraising total. The exception was social service organizations, where 70.3 percent of respondents said major gifts accounted for at least 50 percent of annual fundraising. More than a quarter of social service charities indicated that major gifts made up at least 80 percent of their revenue. Clearly, the growth in social service major gift fundraising was the key reason why the percentage of revenue attributable to major gifts rose in 2005.

Looking at organizations by budget size, most categories saw a majority of respondents (between 60 and 90 percent) indicating that major gifts accounted for 50 percent or less of their overall fundraising. Again, however, there was one exception –those organizations with budgets greater than \$75 million. A larger majority (84.6 percent) of organizations of this size reported major gifts accounting for 50 percent or more of their annual fundraising.

Table 42: Percentage of Annual Fundraising Generated from Major Gifts, 2004 and 2005, Canada

Percentage of Annual Fundraising from Major Gifts	2004 Survey Percentage of Respondents	2005 Survey Percentage of Respondents
91–100%	2.8%	2.2%
81–90%	6.9%	8.8%
71–80%	7.6%	8.8%
61–70%	6.3%	8.2%
51–60%	6.9%	8.2%
41–50%	3.5%	8.8%
31–40%	9.7%	7.7%
21–30%	11.1%	11.5%
11–20%	22.2%	13.7%
1–10%	22.9%	22.0%

Planned Gift Fundraising – United States

Planned giving has traditionally been the worst-performing type of fundraising in the five-year history of the *State of Fundraising Surveys*. Whether this is because the field is still relatively new compared to other techniques or it is simply a reflection of the state of the economy and stock market (especially in the U.S.), is unclear. It may also be that charities typically solicit planned gifts from older donors with significant wealth, and thus the limited scope of these solicitations prevents much change in their success rates. However, with the population of countries like the United States becoming older, and with what some researchers are calling a massive inter-generational transfer of wealth beginning to occur, it is possible that significant increases in planned giving success rates might be seen in the coming years.

In none of the past surveys has the percentage of organizations raising more money in one year compared to the previous come close to exceeding 50 percent. In addition, the percentage of organizations raising more money has changed very little from survey to survey. While other types of fundraising have seen changes (and occasionally quite significant changes), the level of planned giving had remained stable. The largest change was a 5 percent decrease from the 2003 survey to the 2004 survey (see Table 43, next page).

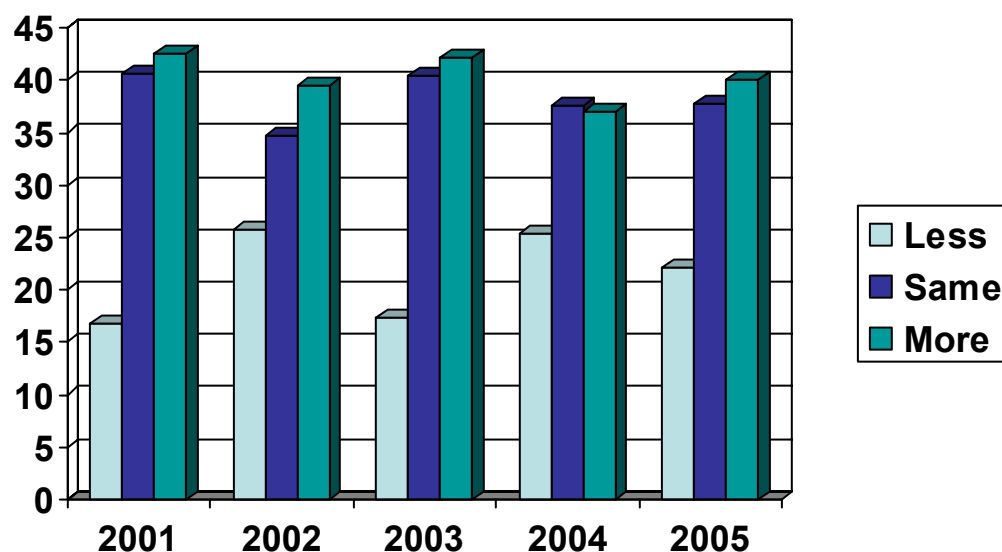
The 2005 survey underscores all of these trends. Just 40.0 percent of respondents raised more funds through planned gifts in 2005 than in 2004. More than a third (37.8 percent) raised about the same amount of funds, and 22.2 percent raised less. These numbers are very similar to the 2004 survey, with just a three-point increase in the percentage of respondents raising more money from the 2004 survey to the 2005 survey.

In 2005, 61.0 percent of respondents employed planned gift fundraising in their development activities. Arts and cultural organizations were most likely to have a planned giving program, with 76.2 percent reporting they engaged in planned giving solicitations in 2005. Larger organizations were more likely to have a planned giving program, with 83 percent of organizations with budgets of greater than \$10 million reporting such programs. To further underscore the point, 100 percent of respondents in the \$10 million to \$50 million budget category indicated having a planned giving program.

In terms of the actual number of gifts, 29.3 percent of respondents who had planned giving programs reported they received more gifts in 2005 than they did in 2004. Nearly half (49.5 percent) reported about the same number of gifts, while 21.3 percent reported fewer gifts.

Again, these numbers are very similar to the 2004 survey, when 33 percent received more gifts, 49 percent received the same amount and 20 percent reported fewer gifts.

Table 43: Percentage Change in Planned Gift Fundraising Success, U.S., 2001–2005



Last Year–Present Year Change in Planned Gift Fundraising	U.S. 2001	U.S. 2002	U.S. 2003	U.S. 2004	U.S. 2005
Lower than Past Year	16.8%	25.8%	17.4%	25.4%	22.2%
About the Same	40.6%	34.7%	40.5%	37.6%	37.8%
Higher than Past Year	42.6%	39.5%	42.1%	37.0%	40.0%

Planned giving success rates by subsector were mixed (Table 44), although none of the categories saw a majority of respondents raising more funds through planned gifts in 2005 compared to 2004 (the number of environmental organizations being so few as to not be reflective of the entire subsector). For example, arts and cultural organizations saw a seven-point drop from the 2004 survey, while education organizations saw a 10-point increase. Most other categories increased or decreased just a few points from the 2004 survey.

While larger organizations were more likely to have planned giving programs, they weren't necessarily more successful with them. Organizations with budgets between \$500,000 and \$1 million were the most successful, with 61.5 of respondents raising more money through planned gifts in 2005 versus 2004. The next most successful group was organizations with budgets of \$50 million to \$75 million (54.5 percent) and those with budgets between \$250,000 and half a million (53.3 percent).

The smallest organizations, those with annual budgets of less than \$250,000, fared especially poorly, with no respondent raising more money in 2005 compared to 2004.

The results are slightly different from the 2004 survey, where larger organizations did outperform smaller charities. In that survey, 59 percent of respondents with annual budgets greater than \$50 million raised more money in 2004 than in 2003, while 50 percent of organizations with budgets between \$10 million and \$50 million raised more money. In contrast, just 29 percent of all other respondents (organizations with budgets less than \$10 million) raised more money through planned giving.

Table 44: Funds Raised Through Planned Gifts in 2005 Compared to 2004, by Subsector, U.S.

	Overall	Arts & Culture	Social Service	Education	Environmental	Pub/Soc. Benefit	Health Related	Religious	Other
Less than 2004	22.2%	29.2%	11.8%	31.9%	30.0%	18.9%	12.5%	20.0%	14.8%
About the Same	37.8%	31.3%	51.6%	24.6%	10.0%	43.2%	56.3%	40.0%	44.4%
More than 2004	40.0%	39.6%	36.6%	43.5%	60.0%	37.8%	31.3%	40.0%	40.7%

Table 45: Funds Raised Through Planned Gifts in 2005 Compared to 2004, by Annual Operating Budget, U.S.

	Overall	Less than \$250,000	\$250,001–\$500,000	\$500,001–\$1 million	\$1,00,001–\$3 million	\$3,000,001–\$5 million	\$5,000,001–\$10 million	\$10,000,001–\$50 million	\$50,000,001–\$75 million	More than \$75 million
Less than 2004	22.2%	15.4%	6.7%	23.1%	15.2%	26.1%	33.3%	28.9%	36.4%	7.1%
About the Same	37.8%	84.6%	40.0%	15.4%	42.4%	47.8%	33.3%	28.9%	9.1%	42.9%
More than 2004	40.0%	0.0%	53.3%	61.5%	42.4%	26.1%	33.3%	42.2%	54.5%	50.0%

Percentage of Annual Fundraising

In previous surveys, planned gifts typically have not accounted for significant portions of a charity's overall fundraising, and this trend is borne out in the 2005 *State of Fundraising Survey*.

An overwhelming majority of respondents (87.0 percent) reported that planned gifts accounted for 30 percent or less of their overall fundraising. On the other end of the spectrum, just 7.5 percent of respondents said planned gifts made up 50 percent or more of their annual fundraising.

Looking at the data by subsector, most categories saw at least 90.0 percent of their respondents report that planned giving accounted for 30 percent or less of their total annual fundraising. However, 76.1 percent of arts and cultural organizations and 86.7 percent of education organizations indicated that planned giving made up 30 percent or less of their annual fundraising. This data seems to indicate that planned giving was slightly more important to the bottom line for these types of organizations.

Categories by budget size followed a similar trend, with most categories seeing at least 80 percent of respondents reporting that 30 percent or less of their overall fundraising came from planned gifts. The exceptions were organizations in the \$250,000 to \$500,000 and \$500,000 to \$1 million budget categories, where 68.8 and 73.3 percent of respondents in those categories, respectively, reported that planned giving accounted for 30 percent or less of their annual fundraising. Indeed, more than 25 percent of organizations in the \$500,000 to \$1 million category indicated that planned gifts accounted for more than 50 percent of their fundraising. Most likely, these exceptions reflect that planned gifts are typically larger gifts and will make up a greater percentage of overall fundraising for smaller organizations as opposed to bigger ones.

Table 46: Percentage of Annual Fundraising Generated from Planned Gifts, 2004 and 2005, U.S.

Percentage of Annual Fundraising from Major Gifts	2004 Survey Percentage of Respondents	2005 Survey Percentage of Respondents
91–100%	0.5%	0.5%
81–90%	0.0%	0.0%
71–80%	0.0%	0.5%
61–70%	0.0%	1.6%
51–60%	3.8%	4.9%
41–50%	2.2%	1.6%
31–40%	4.8%	3.8%
21–30%	12.9%	11.9%
11–20%	16.7%	17.3%
1–10%	59.1%	57.8%

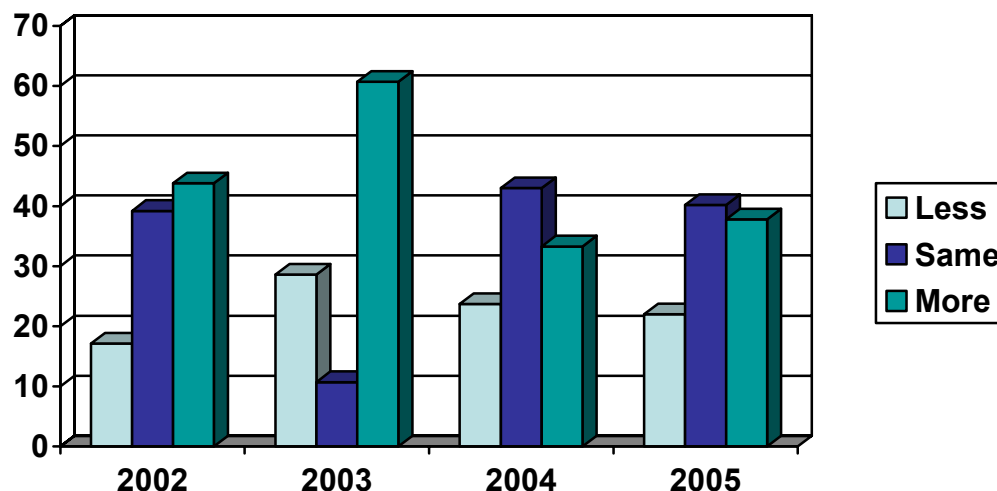
Planned Gift Fundraising – Canada

With the exception of 2003, which featured a large spike in success rates for all types of fundraising, planned giving performance in Canada mirrors that of the U.S. While planned giving success rates increased slightly from the 2004 survey, the overall change is relatively insignificant.

Overall, 37.8 percent of respondents with planned gift programs reported raising more money in 2005 than in 2004 (Table 47). Just over 40 percent raised about the same amount of money, and 22.0 percent raised less. These numbers are very similar to the figures in the 2004 survey, with the percentage of organizations raising more money through planned giving increased by 4.5 percent.

Just over 60 percent of organizations employed planned giving techniques and solicitations in their fundraising activities in 2005. Arts and cultural organizations were most likely to employ planned giving techniques, with 77.4 percent reporting their use. Larger organizations were more likely than smaller organizations to use planned giving in their fundraising. More than 81.1 percent of organizations in the \$10 million to \$50 million budget category reported having planned giving programs, as did 88.9 percent of charities with budgets greater than \$50 million.

Table 47: Percentage Change in Planned Gift Fundraising Success, Canada, 2002–2005



Last Year–Present Year Change in Planned Gift Fundraising	Canada 2002	Canada 2003	Canada 2004	Canada 2005
Lower than Past Year	17.1%	28.6%	23.7%	22.0%
About the Same	39.2%	10.7%	43.0%	40.2%
Higher than Past Year	43.8%	60.7%	33.3%	37.8%

The only subsector to report a majority of respondents raising more money in 2005 through planned gifts was “other” organizations, although arts and cultural charities experienced a success rate of 50 percent (Table 48). This latter subsector was also the most successful in the 2004 survey, with 47.3 percent of arts and cultural organizations raising more money than through planned gifts. Organizations in the “other” category saw an increase in success rates from the 2004 survey of nearly 21 percent.

Social service organizations also showed significant improvement, seeing their success rate climb by 18 points from the 2004 survey, when just 25.0 percent of those organizations raised more money through planned giving.

Despite just 17.6 percent of public/society benefit organizations raising more money, that figure is actually an increase from the 2004 survey, when no respondents in that category indicated they had raised more money. In both surveys, there were enough respondents in the category for the figures to be statistically valid, although the 0 percent figure in the 2004 survey may be misleading, as there were probably a few public/society benefit organizations that did raise more money in that year. Nevertheless, planned giving success rates have always been low for this category, although 2005 saw at least a jump upward for these organizations in their planned gift fundraising.

Results were thoroughly mixed when examining planned-giving success rates by size of organization, and no clear patterns emerged (Table 49). The only category to report a majority of organizations raising more money was charities with budgets between \$5 million and \$10 million, although slightly larger organizations (budgets of \$10 million to \$50 million) also did well (50 percent).

Interestingly, the categories that performed the best in the 2004 survey fared quite poorly in the 2005 survey. Forty-three percent of organizations with budgets of \$3 million to \$5 million and those with budgets greater than \$50 million raised more money through planned gifts in the 2004 survey. However, success rates for those categories dropped precipitously in this survey, with just 13.3 percent of organizations with budgets of \$3 million to \$5 million reporting they raised more money compared to 2004.

Table 48: Funds Raised Through Planned Gifts in 2005 Compared to 2004, by Subsector, Canada

	Overall	Arts & Culture	Social Service	Education	Environmental	Pub/Soc. Benefit	Health Related	Religious	Other
Less than 2004	22.0%	17.5%	17.4%	25.0%	0.0%	41.2%	40.0%	0.0%	14.3%
About the Same	40.2%	32.5%	39.1%	50.0%	66.7%	41.2%	20.0%	75.0%	28.6%
More than 2004	37.8%	50.0%	43.5%	25.0%	33.3%	17.6%	40.0%	25.0%	57.1%

Table 49 : Funds Raised Through Planned Gifts in 2005 Compared to 2004, by Annual Operating Budget, Canada

	Overall	Less than \$250,000	\$250,001–\$500,000	\$500,001–\$1 million	\$1,00,001–\$3 million	\$3,000,001–\$5 million	\$5,000,001–\$10 million	\$10,000,001–\$50 million	\$50,000,001–\$75 million	More than \$75 million
Less than 2004	22.0%	40.0%	23.1%	33.3%	15.8%	26.7%	28.6%	17.9%	20.0%	9.1%
About the Same	40.2%	40.0%	53.8%	22.2%	47.4%	60.0%	19.0%	32.1%	60.0%	54.5%
More than 2004	37.8%	20.0%	23.1%	44.4%	36.8%	13.3%	52.4%	50.0%	20.0%	36.4%

Percentage of Annual Fundraising

As with U.S. respondents, most Canadian organizations reported that planned giving did not account for a significant portion of their overall fundraising (Table 50). More than eight in 10 respondents (82.8 percent) indicated that planned giving accounted for 20 percent or less of their annual fundraising in 2005. This figure is nearly identical to the 83 percent in the 2004 survey who reported the same thing.

Arts and cultural organizations were by far the most likely to have planned gifts make up a significant portion of their annual fundraising. Nearly 44 of these organizations indicated that planned giving made up more than 20 percent of their annual fundraising total. No other subsector came close, with just 14.8 percent of social service organizations reporting that planned gifts accounted for more than 20 percent of their annual fundraising.

There was very little pattern seen when comparing percentage of revenue to size of organizations. Larger organizations were just slightly more likely to rely on planned giving for a larger percentage of their annual fundraising, but the trend was not significant. Like the overall figure, most budget categories saw about 80 percent of respondents report that planned gifts accounted for 20 percent or less of annual fundraising.

Table 50: Percentage of Annual Fundraising Generated from Planned Gifts, 2004 and 2005, Canada

Percentage of Annual Fundraising from Major Gifts	2004 Survey Percentage of Respondents	2005 Survey Percentage of Respondents
91–100%	1.8	0.0%
81–90%	0.0	0.0%
71–80%	1.8	0.7%
61–70%	0.9	1.5%
51–60%	2.7	2.2%
41–50%	1.8	2.2%
31–40%	4.5	3.0%
21–30%	3.6	7.5%
11–20%	24.1	20.9%
1–10%	58.9	61.9%

Online Fundraising – United States

Online solicitations saw a fairly significant decrease in fundraising success in 2005. However, the survey also indicates that online fundraising continues to grow in popularity among charities.

For the first time in the five years of the *State of Fundraising Survey*, a majority of respondents (55.2) indicated that they had employed online fundraising techniques during the year. This continues a growing trend in the percentage of charities using online fundraising, as Table 51 below shows.

Table 51: Percentage of Organizations Using Online Fundraising, 2005, U.S.

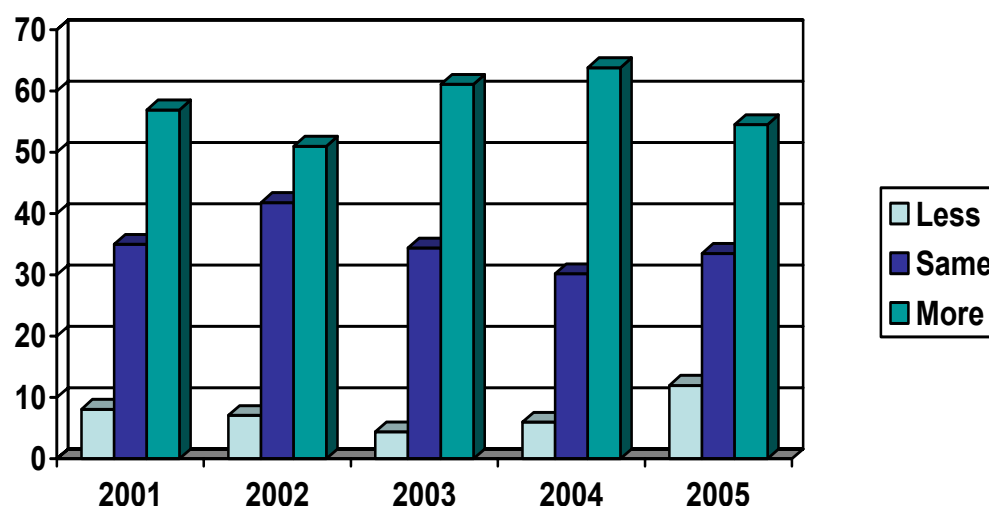
Percentage of Respondents Using Online Fundraising	Year
34.3%	2001
31.5%	2002
45.4%	2003
43.4%	2004
55.2%	2005

Public/society benefit (69.4 percent) and social service organizations (63.9 percent) were the most likely subsectors to use online fundraising. Examining groups by size, larger organizations were more likely than smaller charities to employ online fundraising techniques. Online fundraising in 2005 was most popular with organizations with budgets between \$10 million and \$50 million (69.4 percent) and budgets between \$1 million and \$3 million (67.8 percent).

Despite this growth, online fundraising was not quite as successful as it had been in previous years. Just more than half (54.5 percent) of respondents reported raising more money from online fundraising in 2005 than in 2004. That figure represents more than a nine-point drop from the 63.8 percent of organizations that raised more money in 2004 compared to 2003.

Just over a third of respondents (33.5 percent) raised about the same amount in 2005 as compared to 2004 (a slight increase from the 2004 survey), while 12.0 percent raised less (Table 52). The percentage of respondents raising less doubled from the 2004 survey.

Table 52: Percentage Change in Online Fundraising Success, U.S., 2001–2005



Last Year–Present Year Change in Online Fundraising	U.S. 2001	U.S. 2002	U.S. 2003	U.S. 2004	U.S. 2005
Lower than Past Year	8.1%	7.1%	4.4%	6.0%	12.0%
About the Same	35.0%	41.8%	34.4%	30.2%	33.5%
Higher than Past Year	56.9%	51.0%	61.1%	63.8%	54.5%

Most subsectors performed near the national average for online fundraising (Table 53, next page). Health and religious organizations were more successful, but these categories may not be representative of the sector because of the limited number of respondents. Education and environmental organizations suffered significant decrease in online fundraising success, down 17 and 22 points, respectively, from the 2004 survey.

Larger organizations were more likely to be successful at online fundraising than their smaller counterparts in 2005 (Table 54, next page), a trend also seen in the 2004 survey. Only half of charities with budgets less than \$1 million were able to raise more money through online gifts in the 2004 survey, and all of those groups saw their success rates drop to well below 50 percent. Similarly, organizations in the \$10 million to \$50 million and \$50 million to \$75 million budget categories performed well compared to other categories, but their success rates dropped precipitously from the 2004 survey (84 and 75 percent, respectively).

On the other hand, organizations in the \$5 million to \$10 million budget category saw the greatest increase in online fundraising success, from just 37 percent in the 2004 survey to 66.7 percent in this survey.

Table 53: Funds Raised Through Online Gifts in 2005 Compared to 2004, by Subsector, U.S.

	Overall	Arts & Culture	Social Service	Education	Environmental	Pub/Soc. Benefit	Health Related	Religious	Other
Less than 2004	12.0%	3.2%	12.9%	20.6%	11.1%	16.3%	9.1%	0.0%	10.0%
About the Same	33.5%	41.9%	37.6%	23.5%	33.3%	27.9%	27.3%	37.5%	40.0%
More than 2004	54.5%	54.8%	49.4%	55.9%	55.6%	55.8%	63.6%	62.5%	50.0%

Table 54: Funds Raised Through Online Gifts in 2005 Compared to 2004, by Annual Operating Budget, U.S.

	Overall	Less than \$250,000	\$250,001–\$500,000	\$500,001–\$1 million	\$1,00,001–\$3 million	\$3,000,001–\$5 million	\$5,000,001–\$10 million	\$10,000,001–\$50 million	\$50,000,001–\$75 million	More than \$75 million
Less than 2004	12.0%	9.1%	9.1%	11.1%	10.5%	25.0%	22.2%	11.1%	0.0%	0.0%
About the Same	33.5%	45.5%	54.5%	50.0%	31.6%	18.8%	11.1%	27.8%	44.4%	50.0%
More than 2004	54.5%	45.5%	36.4%	38.9%	57.9%	56.3%	66.7%	61.1%	55.6%	50.0%

Percentage of Annual Fundraising

While online gifts typically account for a very small percentage of overall fundraising, their significance is growing. Whereas just 1.4 percent of respondents indicated that online gifts accounted for more than 10 percent of their annual fundraising in 2004, nearly five times that number (6.7 percent) reported the same thing in 2005.

In addition, the percentage of organizations reporting that online gifts accounted for less than 1 percent of their total fundraising dropped by more than 10 points, from 2004 to 2005.

Looking at organizational subsectors, education, public/society benefit, and health organizations were slightly more likely to report greater percentage revenue (8 percent or greater) from online gifts than other groups. At the same time, two of those categories, education and health, along with “other” organizations, were also more likely to include respondents with online gifts accounting for less than 1 percent of annual fundraising.

There was very little change from the national success rate when looking at organizations by size. Smaller organizations were perhaps slightly more likely to report a greater percentage of overall fundraising from online solicitations, but the difference was minimal.

Table 55: Percentage of Annual Fundraising Generated from Online Gifts, 2004 and 2005, U.S.

Percentage of Annual Fundraising from Online Gifts	2004 Survey Percentage of Respondents	2005 Survey Percentage of Respondents
Greater than 10%	1.4%	6.7%
8–10%	2.1%	2.2%
5–7%	2.8%	5.6%
4%	1.4%	5.1%
3%	4.8%	7.9%
2%	8.3%	10.7%
1%	15.9%	9.0%
Less than 1%	63.4%	52.8%

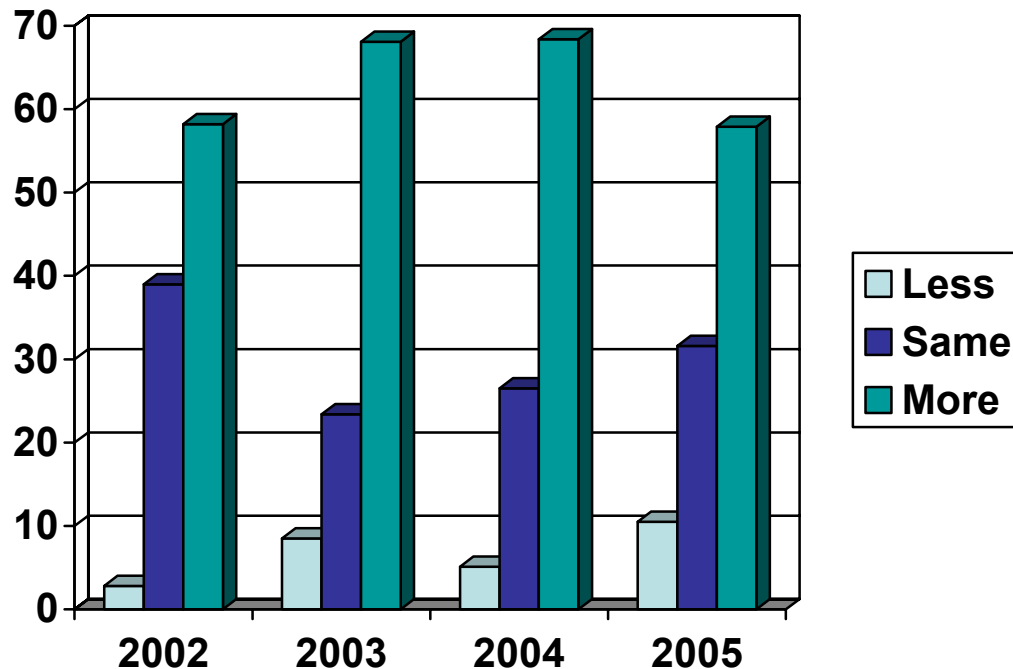
Online Fundraising – Canada

Online fundraising in Canada was the most successful type of fundraising in the entire State of Fundraising 2004 Survey, with 68.4 percent of respondents raising more money in 2004 than in 2003.

That level of success was not sustained in 2005, as just 57.9 percent of respondents indicated that they raised more money through online gifts in 2005 compared to 2004. More than three in 10 respondents (31.6) raised about the same amount, and 10.5 percent raised less (Table 56).

Nearly two-thirds of respondents (63.7 percent) indicated they engaged in online fundraising in 2005. That figure is the highest ever for Canadian organizations and a significant increase from the 53 percent who used online solicitations in 2004.

Table 56: Percentage Change in Online Fundraising Success, Canada, 2001–2005



Last Year–Present Year Change in Online Fundraising	Canada 2002	Canada 2003	Canada 2004	Canada 2005
Lower than Past Year	2.8%	8.5%	5.1%	10.5%
About the Same	39.0%	23.4%	26.5%	31.6%
Higher than Past Year	58.2%	68.1%	68.4%	57.9%

Social service and art and cultural organizations saw their success rates drop dramatically from 2004, when 71.4 and 69.0 percent of those groups raised more funds than in the previous year, respectively (Table 57). Education and public/society benefit charities experienced slight increases in their online fundraising success rates, despite the overall national decrease.

In the 2004 survey, nearly every single budget category reported two-thirds of their respondents raising more money (the exception being groups with budgets of \$3 million to \$5 million). In 2005, only three budget categories were able to claim that distinction (Table 58). Smaller organizations fared at least as well as larger organizations, and in some cases outperformed them, in contrast to 2004 when larger groups fared better than smaller charities.

Organizations in the \$3 million to \$5 million budget category were the least successful at online fundraising in 2004 and were nearly the worst again in 2005.

Table 57: Funds Raised Through Online Gifts in 2005 Compared to 2004, by Subsector, Canada

	Overall	Arts & Culture	Social Service	Education	Environmental	Pub/Soc. Benefit	Health Related	Religious	Other
Less than 2004	10.5%	15.8%	25.0%	7.3%	0.0%	0.0%	0.0%	0.0%	0.0%
About the Same	31.6%	36.8%	40.0%	29.3%	100.0%	29.4%	0.0%	25.0%	16.7%
More than 2004	57.9%	47.4%	35.0%	63.4%	0.0%	70.6%	100.0%	75.0%	83.3%

Table 58: Funds Raised Through Online Gifts in 2005 Compared to 2004, by Annual Operating Budget, Canada

	Overall	Less than \$250,000	\$250,001–\$500,000	\$500,001–\$1 million	\$1,00,001–\$3 million	\$3,000,001–\$5 million	\$5,000,001–\$10 million	\$10,000,001–\$50 million	\$50,000,001–\$75 million	More than \$75 million
Less than 2004	10.5%	11.1%	6.7%	14.3%	12.0%	11.1%	4.8%	8.0%	20.0%	22.2%
About the Same	31.6%	33.3%	20.0%	28.6%	28.0%	44.4%	28.6%	52.0%	0.0%	22.2%
More than 2004	57.9%	55.6%	73.3%	57.1%	60.0%	44.4%	66.7%	40.0%	80.0%	55.6%

Percentage of Annual Fundraising

In 2005, Canadian respondents reported increases in the percentage of overall fundraising attributable to online gifts, although the uptick was not as great as those reported by American fundraisers. The percentage of respondents indicating that online gifts accounted for 1 percent or less of annual fundraising totals dropped from 80.9 percent in 2004 to 72.6 percent in 2005.

Social services organizations were more likely than other subsectors to depend less on online gifts, with 85 percent of those groups reporting that such gifts accounted for 1 percent or less of total fundraising in 2005. In contrast, just 58.8 percent of public/society benefit organizations reported the same thing.

The data was mixed when looking at size of organization and percentage of annual fundraising. Organizations with budgets less than \$250,000; between \$3 million and \$5 million and between \$50 million and \$75 million were all more likely to report that online gifts accounted for a higher percentage of their annual fundraising. In contrast, 89.9 percent of the largest organizations (budgets greater than \$75 million) reported that online gifts were responsible for less than 1 percent of their total fundraising revenue.

Table 59: Percentage of Annual Fundraising Generated from Online Gifts, 2004 and 2005, Canada

Percentage of Annual Fundraising from Online Gifts	2004 Survey Percentage of Respondents	2005 Survey Percentage of Respondents
Greater than 10%	4.0%	3.0%
8–10%	3.0%	5.2%
5–7%	5.1%	4.4%
4%	2.0%	4.4%
3%	4.0%	3.0%
2%	1.0%	7.4%
1%	15.2%	17.8%
Less than 1%	65.7%	54.8%

Special Events – United States

Over the past three years, special-event success rates in the United States have tracked very closely with overall fundraising performance. It has been suggested that this is because the public's willingness to attend special events is connected with the economy, which in turn is a key predictor of overall fundraising.

However, in 2005 the success rates for overall fundraising and special events widely diverged. While nearly 63 percent of respondents raised more money overall in 2005 compared to 2004, just 54.6 percent raised more money through special events. That figure is a 10-point drop from the 64.8 percent who raised more money in 2004.

At the same time, there was a 10-point increase in the percentage of those respondents raising less money (11.3 percent in 2004 compared to 23.1 percent in 2005). More than two in 10 respondents (22.3 percent) raised about the same.

Respondent statements, as well as anecdotal evidence from other AFP members, indicate that the public may be no longer as receptive to certain types of special events (walkathons, marathons, etc.) as it used to be. Thus, in some cases, the public may have had the money to participate in such events, but chose to support charities in some other fashion (i.e., through a direct gift).

Use of special events has remained fairly consistent over the five years of the *State of Fundraising Surveys*. In 2005, 75.6 percent of respondents reported using special events. A large majority of organizations across all subsectors and budget sizes held special events in 2005.

Table 60: Percentage Change in Special Event Fundraising Success, U.S., 2001–2005

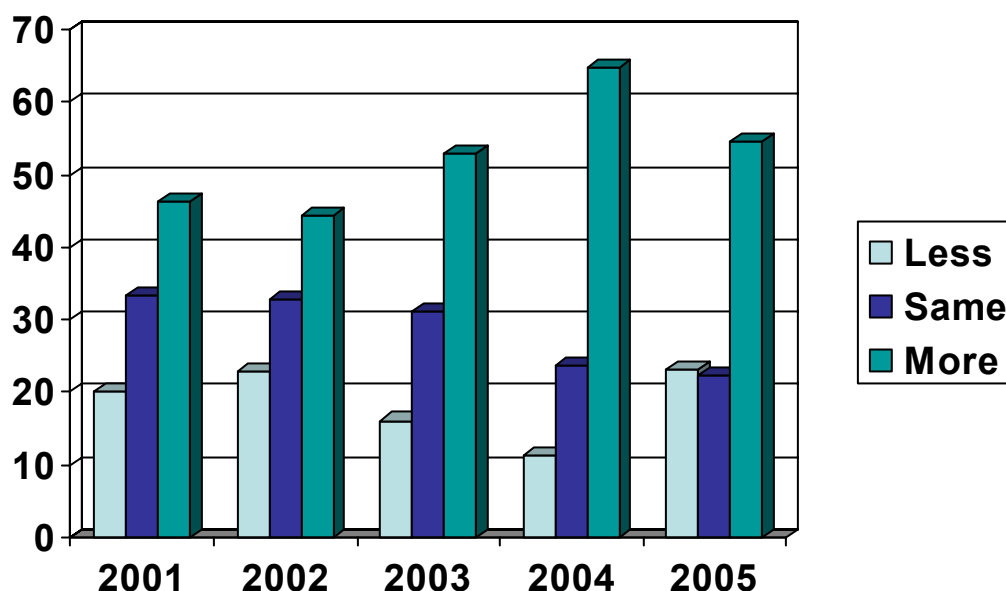


Table 60: Percentage Change in Special Event Fundraising Success, U.S., 2001–2005 (cont.)

Last Year–Present Year Change in Special Event Fundraising	U.S. 2001	U.S. 2002	U.S. 2003	U.S. 2004	U.S. 2005
Lower than Past Year	20.2%	22.8%	16.1%	11.3%	23.1%
About the Same	33.4%	32.9%	31.1%	23.8%	22.3%
Higher than Past Year	46.4%	44.3%	52.8%	64.8%	54.6%

Given the 10-point drop overall in special event fundraising, it is not surprising that several subsectors also experienced steep declines in their own special event fundraising success (Table 61). Nearly 79 percent of arts and cultural organizations raised more money through special events in 2004, but just 55.6 percent reported the same in 2005. A similar trend was seen with public/society benefit organizations: 81.0 percent raised more money in 2004, while just 51.0 percent raised more money in 2005.

Just 42.2 percent of social service organizations raised more money through special events in 2005, the lowest of any subsector. This trend was also seen in 2004, when just 50.0 percent of social service groups reported raising more money, the second-lowest of any subsector.

Education organizations improved slightly from 2004, while religious groups saw the biggest jump in special event fundraising success, a 37.8 percent increase from 2004. However, because of the limited number of respondents in this category, this figure may not be representative of the entire subsector.

While not as prominent as it was in 2004, the trend of smaller organizations enjoying more success through special events was again seen in 2005 (Table 62, next page). Interestingly, the smallest and the largest organizations enjoyed the least success through special event fundraising (45.0 percent for groups with budgets less than \$250,000, and just 36.4 percent for charities with budgets greater than \$75 million).

Table 61: Funds Raised Through Special Events in 2005 Compared to 2004, by Subsector, U.S.

	Overall	Arts & Culture	Social Service	Education	Environ- mental	Pub/Soc. Benefit	Health Related	Religious	Other
Less than 2004	23.1%	22.2%	16.7%	26.1%	12.5%	33.3%	41.2%	22.2%	17.4%
About the Same	22.3%	22.2%	41.2%	11.8%	37.5%	15.7%	11.8%	0.0%	26.1%
More than 2004	54.6%	55.6%	42.2%	62.2%	50.0%	51.0%	47.1%	77.8%	56.5%

Table 62: Funds Raised Through Special Events in 2005 Compared to 2004, by Annual Operating Budget, U.S.

	Overall	Less than \$250,000	\$250,001–\$500,000	\$500,001–\$1 million	\$1,00,001–\$3 million	\$3,000,001–\$5 million	\$5,000,001–\$10 million	\$10,000,001–\$50 million	\$50,000,001–\$75 million	More than \$75 million
Less than 2004	23.1%	35.0%	26.9%	8.3%	21.3%	29.0%	26.1%	23.1%	25.0%	9.1%
About the Same	22.3%	20.0%	15.4%	37.5%	10.6%	19.4%	21.7%	25.6%	25.0%	54.5%
More than 2004	54.6%	45.0%	57.7%	54.2%	68.1%	51.6%	52.2%	51.3%	50.0%	36.4%

Percentage of Annual Fundraising

In general, most organizations do not rely heavily on special events for a significant portion of their annual fundraising total. An overwhelming majority of respondents (87.6 percent) reported that special event fundraising accounted for 40 percent or less of their annual fundraising total, and nearly two-thirds (64.2 percent) stated that special events made up just 20 percent or less of overall fundraising in 2005.

Arts and cultural organizations were slightly more likely than other types of charities to rely more heavily on special events. Nearly a quarter (24.5 percent) of those groups indicated that special events accounted for 41 percent or more of their annual fundraising, by far the highest of any subsector. Smaller organizations were also slightly more likely to rely on revenue from special events to make up a larger percentage of their annual fundraising.

Table 63: Percentage of Annual Fundraising Generated from Special Events, 2005, U.S.

Percentage of Annual Fundraising from Special Events	2005 Survey Percentage of Respondents
91–100%	0.4%
81–90%	1.3%
71–80%	1.3%
61–70%	0.9%
51–60%	3.5%
41–50%	4.9%
31–40%	11.5%
21–30%	11.9%
11–20%	19.5%
1–10%	44.7%

Special Events – Canada

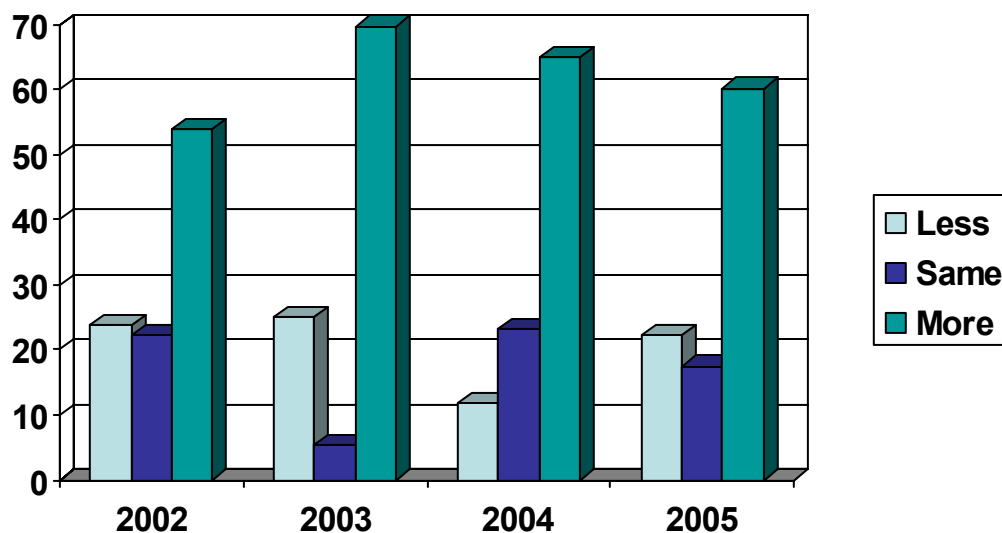
Special event fundraising met with fairly good success in 2005, with 60.2 percent of respondents indicating they had raised more money through such events. However that figure is still a 4.7 percent decrease from 2004, when 64.9 percent of respondents raised more money through special events.

More than two in 10 respondents (22.2 percent) raised less money in 2005 through special events, a significant increase from the 11.9 percent who reported the same in 2004. Just 17.5 percent of respondents stated they had raised about the same amount of money (Table 64).

2005 marks the second consecutive year that special event fundraising has experienced a drop of about five percentage points. Most likely, this is a correcting trend from the extraordinary year of 2003, when Canadian respondents reported all-time highs in a variety of fundraising techniques, including special events.

A large majority of Canadian respondents (81.8 percent) reported holding special events in 2005. Organizations of all subsectors and sizes were equally as likely to hold special events.

Table 64: Percentage Change in Special Event Fundraising Success, Canada, 2001–2005



Last Year–Present Year Change in Special Event Fundraising	Canada 2002	Canada 2003	Canada 2004	Canada 2005
Lower than Past Year	23.8%	25.0%	11.9%	22.2%
About the Same	22.2%	5.3%	23.2%	17.5%
Higher than Past Year	54.0%	69.7%	64.9%	60.2%

Arts and culture organizations, along with religious groups, enjoyed the most success with special events in 2005 (Table 65). In contrast, social service organizations experienced a 24-point drop from 2004, when 70.2 percent of those charities reported raising more money through special events. Again, it should be noted that due to the limited number of responses from environmental organizations, their figures cannot be considered representative of the subsector.

Smaller organizations fared much better at special events than larger organizations, a trend seen in the U.S. figures and in Canadian data from 2004 (Table 66). In fact, larger organizations overall saw a drop in their fundraising success: 58 percent of groups with budgets greater than \$10 million raised more money through special events in 2004, while just 45.0 percent of those groups raised more in 2005.

Table 65: Funds Raised Through Special Events in 2005 Compared to 2004, by Subsector, Canada

	Overall	Arts & Culture	Social Service	Education	Environmental	Pub/Soc. Benefit	Health Related	Religious	Other
Less than 2004	22.2%	13.5%	19.2%	29.8%	100.0%	28.0%	16.7%	0.0%	22.2%
About the Same	17.5%	11.5%	34.6%	17.0%	0.0%	16.0%	16.7%	25.0%	11.1%
More than 2004	60.2%	75.0%	46.2%	53.2%	0.0%	56.0%	66.7%	75.0%	66.7%

Table 66: Funds Raised Through Special Events in 2005 Compared to 2004, by Annual Operating Budget, Canada

	Overall	Less than \$250,000	\$250,001–\$500,000	\$500,001–\$1 million	\$1,00,001–\$3 million	\$3,000,001–\$5 million	\$5,000,001–\$10 million	\$10,000,001–\$50 million	\$50,000,001–\$75 million	More than \$75 million
Less than 2004	22.2%	0.0%	11.1%	15.8%	23.1%	25.0%	29.2%	31.0%	50.0%	28.6%
About the Same	17.5%	0.0%	11.1%	31.6%	17.9%	18.8%	8.3%	17.2%	0.0%	57.1%
More than 2004	60.2%	100.0%	77.8%	52.6%	59.0%	56.3%	62.5%	51.7%	50.0%	14.3%

Percentage of Annual Fundraising

A large majority of Canadian respondents (83.7 percent) reported relying on special events for 40 percent or less of their overall annual fundraising in 2005, while 57.0 percent indicated special events accounted for 20 percent or less of total fundraising (Table 67, next page). Canadian organizations are slightly more likely to rely on special events for a larger percentage of their annual fundraising.

As in the United States, arts and cultural organizations in Canada were more likely than other subsectors to rely on special events for a larger portion of their annual fundraising total. One-quarter of these groups reported that special events accounted for 41 percent or more of their overall fundraising. Smaller organizations were more likely than larger organizations to rely on special events, with 50 percent of those charities indicating that special events accounted for 41 percent or more of their annual total.

Table 67: Percentage of Annual Fundraising Generated from Special Events, 2005, Canada

Percentage of Annual Fundraising from Special Events	2005 Survey Percentage of Respondents
91–100%	0.6%
81–90%	1.2%
71–80%	2.3%
61–70%	2.9%
51–60%	2.3%
41–50%	7.0%
31–40%	14.0%
21–30%	12.8%
11–20%	23.3%
1–10%	33.7%

In-kind Gifts

In 2005, the *State of Fundraising Survey* asked respondents for the first time to compare the number of in-kind gifts they received compared to 2004.

In the United States, 84.4 percent of respondents reported receiving in-kind gifts in 2005. Of those respondents, nearly a majority received about the same amount (47.7 percent) of in-kind gifts as compared to 2004, and 41.8 percent received more (Table 68). Health organizations were most likely to have seen an increase in in-kind gifts (61.5 percent). The only other subsector to report a majority of respondents raising more in-kind gifts was the “other” category.

In Canada, 87.1 percent of respondents reported receiving in-kind gifts in 2005. Of those respondents, more than a third (35.2 percent) raised more gifts, while 55.5 percent received about the same number of gifts (Table 69). Environmental organizations were the only category to report a majority of respondents receiving more in-kind gifts, but the limited number of respondents in that category may not be representative of the entire subsector.

Table 68: Funds Raised Through In-Kind Gifts in 2005 Compared to 2004, by Subsector, U.S.

	Overall	Arts & Cultural	Social Service	Education	Environmental	Pub/Soc. Benefit	Health Related	Religious	Other
Less than 2004	10.5%	13.5%	9.4%	8.0%	9.1%	14.0%	7.7%	11.1%	12.9%
About the Same	47.7%	40.4%	49.6%	47.2%	72.7%	61.4%	30.8%	55.6%	35.5%
More than 2004	41.8%	46.2%	40.9%	44.8%	18.2%	24.6%	61.5%	33.3%	51.6%

Table 69: Funds Raised Through In-Kind Gifts in 2005 Compared to 2004, by Subsector, Canada

	Overall	Arts & Cultural	Social Service	Education	Environmental	Pub/Soc. Benefit	Health Related	Religious	Other
Less than 2004	9.3%	8.7%	20.0%	6.0%	0.0%	10.7%	0.0%	0.0%	0.0%
About the Same	55.5%	63.0%	42.9%	50.0%	33.3%	60.7%	57.1%	75.0%	77.8%
More than 2004	35.2%	28.3%	37.1%	44.0%	66.7%	28.6%	42.9%	25.0%	22.2%

Capital Campaigns

In 2005, the *State of Fundraising Survey* asked respondents for the first time to report on the status of any capital campaigns they might be conducting.

In both the United States and Canada, more than one-third of respondents are currently involved in a capital campaign. In the United States, social service organizations were the most likely to be raising funds for a capital project (Table 70). In Canada, environmental, religious and “other” organizations were fairly likely to be involved in a capital campaign, but the limited number of responses in those categories may not be representative of those subsectors (Table 71).

Table 70: Capital Campaign Status, by Subsector, U.S.

	Overall	Arts & Cultural	Social Service	Education	Environmental	Pub/Soc. Benefit	Health Related	Religious	Other
Started a capital campaign in 2005	7.6%	11.3%	4.4%	10.4%	6.7%	11.6%	0.0%	0.0%	0.0%
Continued a capital campaign in 2005	17.2%	11.3%	30.4%	16.3%	20.0%	10.1%	30.8%	0.0%	5.7%
Completed a capital campaign in 2005	4.8%	3.2%	6.7%	1.5%	6.7%	8.7%	7.7%	9.1%	2.9%
Conducted a feasibility study in 2005	6.9%	11.3%	5.9%	5.9%	0.0%	5.8%	0.0%	9.1%	11.4%
No capital campaign in 2005	63.4%	62.9%	52.6%	65.9%	66.7%	63.8%	61.5%	81.8%	80.0%

Table 71: Capital Campaign Status, by Subsector, Canada

	Overall	Arts & Cultural	Social Service	Education	Environmental	Pub/Soc. Benefit	Health Related	Religious	Other
Started a capital campaign in 2005	6.9%	7.5%	5.0%	1.9%	0.0%	9.4%	11.1%	50.0%	12.5%
Continued a capital campaign in 2005	17.7%	20.8%	12.5%	16.7%	66.7%	21.9%	11.1%	0.0%	12.5%
Completed a capital campaign in 2005	8.4%	11.3%	7.5%	5.6%	0.0%	6.3%	11.1%	0.0%	25.0%
Conducted a feasibility study in 2005	4.4%	3.8%	12.5%	1.9%	0.0%	3.1%	0.0%	0.0%	0.0%
No capital campaign in 2005	62.6%	56.6%	62.5%	74.1%	33.3%	59.4%	66.7%	50.0%	50.0%

Board Giving – United States

The *State of Fundraising 2005* survey asked questions about what percentage of the organization's board of directors contributed to its fundraising efforts and how much funding groups were able to generate from their boards.

Almost 80 percent of respondents reported a majority of board members making gifts to their organizations. More than six in 10 respondents (61.5 percent) reported that at least 81 percent of their board members contributed to their fundraising efforts, and nearly a majority (47.5 percent) indicated that more than 90 percent supported the organization in this manner. At the other end of the spectrum, 6.3 percent of respondents saw no or minimal participation (0 to 10.3 percent) from their board members. Another 10.0 percent of respondents experienced board participation in the 11 to 50 percent range (Table 72).

These numbers are roughly similar to the board participation figures from the 2004 survey. In that year, a slight majority of respondents (52 percent) reported that more than 90 percent of their board members made gifts to their organization. Ten percent of respondents reported that board members barely participated at all (0 to 10 percent).

Public/society benefit organizations were more likely to see a larger percentage of their board contribute to their fundraising than any other subsector. More than seven in 10 (71.8 percent) of those organizations reported that at least 81 percent of their board contributed, compared to the national average of 61.5 percent. Looking at organizations by size, larger organizations saw the most board involvement, with 81.8 percent of groups with budgets between \$50 million and \$75 million reporting more than 80 percent of their board contributing to their cause.

As might be expected, the impact of board giving on overall fundraising was typically quite minimal. Nearly three-quarters of respondents (79.9 percent) reported that their board contributions accounted for 20 percent or less of their overall fundraising total for 2005. Just 3.3 percent of respondents stated that board giving accounted for 50 percent or more of their annual fundraising. Smaller organizations were slightly more likely than other organizations to rely on board gifts for significant portions of their fundraising, but not significantly so.

Table 72: Percentage of Board Members Giving to Organization, U.S.

Percentage of Board Members Giving to Organization	Percentage of Respondents
91–100%	47.5%
81–90%	14.0%
71–80%	8.0%
61–70%	4.7%
51–60%	5.6%
41–50%	3.0%
31–40%	2.3%
21–30%	3.0%
11–20%	1.7%
1–10%	6.3%
0%	4.0%

Board Giving – Canada

Board giving in Canada continues to be not as strong as it is in the United States. Just over two-thirds of respondents reported a majority of their board members contributing to their organization, and only 43.2 percent of organizations reported board member involvement of greater than 80 percent (Table 73).

In addition, nearly one-fifth of all respondents (18.9 percent) experienced either no or very limited (10 percent or less of board members contributing) board involvement.

Public/society benefit, healthcare and religious organizations were most likely to see greater board member involvement when it comes to making gifts. At the same time, public/society benefit groups were the most likely to report no or very limited board involvement as well. Mid-to-large organizations (annual budgets of between \$5 million and \$75 million) tended to see board member participation above the national average, although the very largest groups saw below average giving by board members.

An overwhelming majority of respondents (94.1 percent) reported that board fundraising accounted for 20 percent or less of their annual fundraising total in 2005. This trend was seen across all subsectors and sizes of organizations.

Table 73: Percentage of Board Members Giving to Organization, Canada

Percentage of Board Members Giving to Organization	2005 Percentage of Respondents
91–100%	31.1%
81–90%	12.1%
71–80%	8.7%
61–70%	6.3%
51–60%	9.2%
41–50%	1.9%
31–40%	3.9%
21–30%	3.9%
11–20%	3.9%
1–10%	17.0%
0%	1.9%

Impact of Gulf Coast Hurricane Relief Efforts

In 2005, a series of hurricanes hit the Gulf Coast of the United States, affecting millions of people. As major relief campaigns started, some charities were apprehensive that the relief efforts would affect fundraising for non-disaster relief organizations. The *State of Fundraising 2005* survey included questions regarding the impact of the relief efforts on U.S. and Canadian charities.

However, an overwhelming majority of respondents in both countries found very little impact from the hurricane relief efforts on their fundraising (see Table 74). More than two-thirds of American respondents (67.4 percent) and 84.1 percent of Canadian respondents reported no immediate or short-term impact from the relief efforts. In addition, of those respondents who did report a short-term impact on their organizations, 85.1 percent of American fundraisers and 79.1 percent of Canadian fundraisers indicated there was no long-term effect.

Table 74: Impact of Hurricane Relief Efforts on Fundraising

	U.S.	Canada
Immediate Impact?		
Yes	32.6%	15.9%
No	67.4%	84.1%
Long-Term Impact?		
Yes	14.9%	20.8%
No	85.1%	79.2%

Of those U.S. respondents affected by the Gulf Coast Hurricanes, 19.8 percent reported decreased contributions, 9.6 percent were told by donors that they would be giving less in 2006 because of the hurricane relief efforts and 8.6 percent experienced delays in contributions. A small group (6.9 percent) reported increases in contributions, making it likely these respondents were involved in the tsunami relief efforts.

In Canada, 7.7 percent experienced decreases in contributions, 4.3 percent saw delays in expected contributions and 3.8 percent reported that donors had told them they would be giving less in 2006 because of the hurricane relief efforts. Just 4.8 percent reported increases in contributions, making it likely these respondents were in some way involved in relief efforts.

Fundraising Issues and Challenges – United States

The *State of Fundraising 2005 Survey* asked respondents to rank from a list of 14 issues the top three challenges they faced during the year.

For the first time in the five-year history of the *State of Fundraising Survey*, U.S. respondents did not rank the economy as the most pressing challenge. While “the economy” dropped to number two, the issue of “too many nonprofits and increased competition for the charitable dollar” was ranked as the biggest challenge of 2005 (Table 74, next page).

Overall, 42.2 percent of respondents chose the issue of “too many nonprofit and increased competition for the charitable dollar” as one of the top three issues they faced, and 20.8 percent ranked it as the biggest challenge.

“The economy” was listed as one of the top three challenges by 34.3 percent of respondents, and 16.3 percent ranked it as the biggest fundraising hurdle in 2005. Third was “staffing issues in the development office,” chosen by 31.7 percent of respondents as one of the top three issues of 2005 and ranked the biggest challenge by 16.7 percent.

Despite the continuing public concern about charity accountability and trust, fundraisers don’t see it as a problem in their development activities. Just 5.0 percent selected “decrease in public confidence in charities” as one of the three greatest challenges in 2005, and 0.7 percent ranked it as the biggest issue fundraisers faced. “International issues” and “reduction of foundation support” were not ranked very highly either.

These trends continued when examining the data by subsector, although some exceptions were seen. Health and education organizations were the most concerned with the increasing charitable competition, with 61.5 percent and 52.5 percent of those organizations, respectively, ranking that issue among the top three. In contrast, religious and environmental organizations seemed to be least concern with increasing competition, with just 16.7 percent and 26.7 percent of those groups, respectively, ranking the issue as one of the three most challenging in 2005.

“Brand awareness of charity and mission” was ranked by environment and social service organizations as a bigger challenge than “too many nonprofits and increased competition for the charitable dollar.” Religious organizations ranked “developing fundraising strategies” as their most pressing challenge.

Smaller organizations were more likely to rank increasing competition as the most important challenge than were larger groups. Larger organizations were still concerned with increasing competition, but were more likely to rank issues such as “the economy” or staffing issues in the development office” as more important.

Table 75: Fundraising Issue by Practice Setting, U.S.

	All U.S.	Arts & Cultural	Social Service	Education	Environmental	Pub/Soc. Benefit	Health Related	Religious	Other
Too many nonprofits/increased donor competition	42.2%	42.9%	35.7%	52.5%	26.7%	46.5%	61.5%	16.7%	39.0%
The economy	34.3%	31.7%	34.3%	43.3%	33.3%	26.8%	34.6%	16.7%	39.0%
Staffing issues in the development office	31.7%	34.9%	32.2%	31.9%	26.7%	31.0%	38.5%	25.0%	22.0%
Lack of brand awareness of charity and mission	28.7%	20.6%	36.4%	23.4%	40.0%	36.6%	19.2%	25.0%	34.1%
Developing fundraising strategies	25.7%	28.6%	26.6%	25.5%	20.0%	31.0%	15.4%	41.7%	9.8%
Attracting, motivating and retaining donors	23.4%	23.8%	25.2%	19.9%	13.3%	29.6%	15.4%	16.7%	31.7%
Aging, changing donor pool	18.5%	14.3%	18.2%	17.0%	33.3%	19.7%	23.1%	25.0%	19.5%
Problems with overall organization leadership	16.5%	20.6%	16.1%	11.3%	13.3%	19.7%	11.5%	25.0%	14.6%
Reduction of corporate support/sponsorship	14.2%	22.2%	13.3%	15.6%	0.0%	8.5%	15.4%	0.0%	17.1%
Cuts in federal and state/provincial budgets	10.2%	9.5%	5.6%	19.9%	0.0%	11.3%	0.0%	16.7%	4.9%
Political issues	9.9%	7.9%	7.0%	2.8%	20.0%	14.1%	23.1%	33.3%	14.6%
Reduction of foundation support	9.2%	11.1%	9.1%	8.5%	6.7%	8.5%	15.4%	16.7%	2.4%
International issues	6.3%	6.3%	4.2%	5.7%	6.7%	5.6%	15.4%	8.3%	9.8%
Decrease in public confidence in charities	5.0%	6.3%	7.0%	2.8%	6.7%	2.8%	7.7%	8.3%	0.0%

Fundraising Issues and Challenges – Canada

The economy has never been identified by Canadian fundraisers as a major challenge. In the 2005 survey, Canadian respondents ranked it ninth. As in previous surveys, the most important challenge for Canadian respondents was “too many nonprofits and increased competition for the charitable dollar.” Nearly a majority (49.3 percent) ranked it as one of the top three issues, and nearly a quarter (24.6 percent) selected it as the biggest challenge in 2005 (Table 75, next page).

The second- and third-highest ranked issues were “staffing issues in the development office” (41.6 percent) and “developing fundraising strategies” (32.5 percent). Close to two in 10 respondents (17.7 percent) chose the former as the most important issue, while just 5.4 percent chose the latter.

As in the United States, Canadian fundraisers did not perceive any significant challenges with “decreases in public confidence in charities,” as just 3.3 percent ranked that issue in the top three. Despite much discussion about the Canadian government cutting back on funding and programs, most fundraisers found little challenge there either, with just 5.7 percent ranking it as one of the top challenges.

“Other” groups and public/society benefit organizations were the most likely to select increased competition as one of the three biggest challenges in 2005, with 70.0 percent and 62.5 percent doing so, respectively. In contrast, just a third of environmental organizations and 27.5 percent of social service organizations selected that issue. Social service organizations were most concerned with “developing fundraising strategies” (52.5 percent) and “staffing issues in the development office” (47.5 percent). Environmental organizations focused on “problems with overall organization leadership” (66.7 percent), although it should be noted that the limited number of responses in this category are not necessarily representative of the entire subsector.

Similar to their U.S. counterparts, smaller organizations were far more likely than larger organizations to rank increasing competition as one of the top three challenges in 2005. Larger organizations were more concerned with “staffing issues in the development office,” “developing fundraising strategies” and “attracting, motivating and retaining donors.”

Table 76: Fundraising Issue by Practice Setting, Canada

	All U.S.	Arts & Cultural	Social Service	Education	Environmental	Pub/Soc. Benefit	Health Related	Religious	Other
Too many nonprofits/increased donor competition	49.3%	54.7%	27.5%	49.1%	33.3%	62.5%	55.6%	40.0%	70.0%
Staffing issues in the development office	41.6%	52.8%	47.5%	40.4%	33.3%	31.3%	22.2%	20.0%	30.0%
Developing fundraising strategies	32.5%	20.8%	52.5%	28.1%	33.3%	34.4%	55.6%	20.0%	20.0%
Lack of brand awareness of charity and mission	29.7%	32.1%	22.5%	31.6%	33.3%	28.1%	44.4%	40.0%	20.0%
Problems with overall organization leadership	27.8%	28.3%	40.0%	26.3%	66.7%	18.8%	11.1%	20.0%	20.0%
Attracting, motivating and retaining donors	23.0%	26.4%	35.0%	21.1%	0.0%	15.6%	11.1%	20.0%	10.0%
Reduction of corporate support/sponsorship	17.7%	17.0%	10.0%	19.3%	0.0%	25.0%	22.2%	20.0%	20.0%
Aging, changing donor pool	15.8%	17.0%	12.5%	15.8%	33.3%	25.0%	0.0%	0.0%	10.0%
The economy	11.5%	9.4%	10.0%	21.1%	33.3%	0.0%	0.0%	0.0%	20.0%
International issues	8.6%	5.7%	5.0%	10.5%	0.0%	15.6%	11.1%	20.0%	0.0%
Political Issues	8.1%	11.3%	0.0%	8.8%	33.3%	6.3%	11.1%	20.0%	10.0%
Reduction of foundation support	6.2%	1.9%	5.0%	8.8%	0.0%	9.4%	11.1%	20.0%	0.0%
Cuts in federal and state/provincial budgets	5.7%	0.0%	2.5%	14.0%	0.0%	6.3%	0.0%	0.0%	10.0%
Decrease in public confidence in charities	3.3%	5.7%	2.5%	0.0%	0.0%	0.0%	0.0%	20.0%	20.0%

Optimism and Predictions for 2006

In the *State of Fundraising Survey 2005*, respondents were asked to predict if they would raise more, about the same, or less money in 2006 than in 2005.

American respondents are highly confident about 2006, with 69.8 percent predicting that they will raise more money in that year compared to 2005. Just over a fifth (21.9 percent) expect to raise about the same amount, and 8.3 percent believe they will raise less. These figures are slightly lower than the data in the 2004 survey (when 72 percent of respondents predicted they would raise money in 2005 than in 2004), but the level of optimism is still the second highest in the five-year history of the *State of Fundraising Surveys*.

Environmental, education and “other” organizations are slightly more optimistic than other types of organizations (Table 76). Public/society benefit organizations were the least optimistic, with the lowest percentage of respondents who believe they’ll raise more funds in 2006 and the highest percentage of respondents who believe they’ll raise less money.

Looking at respondents by size, organizations with budgets of \$50 million to \$75 million were by far the most optimistic of any group, with nearly 91 percent expecting to raise more money in 2006 (Table 77). However, smaller and midsize organizations were also quite optimistic about future fundraising performance.

Table 77: 2006 Fundraising Expectations by Subsector, U.S.

	All U.S.	Arts & Culture	Social Service	Education	Environmental	Pub/Soc. Benefit	Health	Religious	Other
Will Raise Less Funds in 2006 than in 2005	8.3%	12.7%	8.6%	2.8%	0.0%	19.4%	7.1%	8.3%	0.0%
About the Same	21.9%	20.6%	27.1%	18.3%	13.3%	19.4%	28.6%	25.0%	20.0%
Will Raise More Funds in 2006 than in 2005	69.8%	66.7%	64.3%	77.5%	86.7%	61.1%	64.3%	66.7%	75.0%

Table 78: 2006 Fundraising Expectations by Annual Operating Budget, U.S.

	All U.S.	Less than \$250,000	\$250,001 – \$500,000	\$500,001 – \$1 million	\$1,00,001 – \$3 million	\$3,000,001 – \$5 million	\$5,000,001 – \$10 million	\$10,000,001 – \$50 million	\$50,000,001 – \$75 million	More than \$75 million
Will Raise Less Funds in 2006 than in 2005	8.3%	4.0%	6.1%	11.8%	3.4%	15.4%	6.7%	12.5%	0.0%	6.3%
About the Same	21.9%	20.0%	30.3%	20.6%	16.9%	25.6%	23.3%	19.6%	9.1%	31.3%
Will Raise More Funds in 2006 than in 2005	69.8%	72.0%	63.6%	64.7%	79.7%	59.0%	70.0%	67.9%	90.9%	62.5%

Optimism and Predictions – Canada

Canadian respondents are even more buoyant about 2006 than are their American counterparts.

More than seven in 10 respondents (71.3 percent) expect to raise more money in 2006 than they did in 2005, a six-point increase from the same figure in the 2004 survey (65.2 percent). Just 18.7 percent predict they will raise the same amount, and 10.0 percent believe they will raise less money.

Little changes in this pattern were seen when examining by respondents by subsector or size (Tables 78 and 79). Religious and health organizations were highly optimistic, but the limited number of respondents in those categories is probably not representative of their subsectors.

Table 79: 2006 Fundraising Expectations by Subsector, Canada

	All Canada	Arts & Culture	Social Service	Education	Environmental	Pub/Soc. Benefit	Health	Religious	Other
Will Raise Less Funds in 2006 than in 2005	10.0%	15.1%	10.0%	5.3%	0.0%	9.4%	11.1%	0.0%	20.0%
About the Same	18.7%	15.1%	22.5%	19.3%	33.3%	21.9%	0.0%	0.0%	30.0%
Will Raise More Funds in 2006 than in 2005	71.3%	69.8%	67.5%	75.4%	66.7%	68.8%	88.9%	100.0%	50.0%

Table 80: 2006 Fundraising Expectations by Annual Operating Budget, Canada

	All Canada	Less than \$250,000	\$250,001 – \$500,000	\$500,001 – \$1 million	\$1,00,001 – \$3 million	\$3,000,001 – \$5 million	\$5,000,001 – \$10 million	\$10,000,001 – \$50 million	\$50,000,001 – \$75 million	More than \$75 million
Will Raise Less Funds in 2006 than in 2005	10.0%	11.1%	8.7%	5.3%	7.1%	9.5%	13.8%	8.1%	20.0%	15.4%
About the Same	18.7%	16.7%	17.4%	15.8%	31.0%	9.5%	13.8%	21.6%	0.0%	7.7%
Will Raise More Funds in 2006 than in 2005	71.3%	72.2%	73.9%	78.9%	61.9%	81.0%	72.4%	70.3%	80.0%	76.9%